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# Intercultural Competencies Needed by Global CEOs

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**Barbara Gibson**

BIRKBECK, UNIVERSITY OF LONDON

### **Abstract**

The world of international business has changed dramatically in the past two decades, shifting from being the exclusive realm of giant multinational corporations to a wide-open marketplace for companies of all sizes and stages of maturity. Although there is growing recognition that Chief Executive Officers need international experience, little is known about which intercultural competencies are needed at the top. Most of the research in the field has been focused either further down the management chain, on expatriate managers, or outside the business world, on international students. Both these groups are well-researched due to the relative ease of gaining access to subjects. Accessing CEOs and other business elites is considerably more challenging, which may explain the dearth of academic research at the top level of business.

This research aimed to fill that gap by exploring the strategic-level intercultural challenges faced by companies doing business internationally and by identifying the intercultural competencies needed by CEOs. The study utilised an emergent approach, following on from an earlier pilot study. It included in-depth interviews with 28 global CEOs spanning 12 countries, leading companies ranging in size from fewer than 10 to more than 200,000 employees. The data was analysed utilising a “constructivist grounded theory” approach.

The study concluded that intercultural competencies of CEOs have a potential impact in several key areas, including: decision-making; hiring; managing the top executive team; conflict and negotiation; working with partners and vendors; and market entry. Five intercultural competencies were identified as important at the CEO level: Cultural Self-Awareness; Cultural Sensory Perception; Open-mindedness; Global Perspective; and Adaptability. The study also discovered patterns of CEO behaviour in response to failure in intercultural interactions, which may impact the time and cost required to achieve objectives in foreign markets. Finally, the study found evidence of effective methods for developing the required competencies.

I hereby declare that, except where explicit attribution is made, the work presented in this research project is entirely my own.

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## **Dedication**

To my husband, Andrew Brien, and to family and friends around the world, who cheered me on through the ups and downs of completing this work.

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Finally, although they cannot be named here due to assurances of anonymity, I am deeply indebted to the 28 CEOs who participated in the main study and the four who participated in the pilot study, sharing their experiences and insights.

## **Presentations & Publications Related to This Research**

Forthcoming 2014: Chapter on Interviewing co-authored with Zhu Hua, in *Research Methods in Intercultural Communication: A Practical Guide*, Zhu Hua, Ed., London: Wiley.

International Association of Business Communicators (IABC) Webinar, 7 November 2013  
*"Globalize Your CEO"*

International Association of Business Communicators (IABC) World Conference, June 2013, New York  
*"Communication Skills for Global Leaders"*

International Association of Cross Cultural Competence and Management (IACCM) Conference & Doctoral Workshop, 20-21 June 2012, Naples, Italy  
*"Intercultural Competencies Needed by Global CEOs"*

International Association of Business Communicators (IABC) World Conference, 24-26 June 2012, Chicago, USA  
*"Intercultural Competencies Needed by Global CEOs"*

Global Leadership Competence Conference, 29-30 June 2012, Konstanz, Germany  
*"Intercultural Competencies Needed by Global CEOs"*

NewRoute PhD Conference, 18 June 2012, London  
*"Intercultural Competencies Needed by Global CEOs"*

Sietar Europa Congress, Sept 2011, Krakow  
Panel presentation, with Dr Milton Bennett and Dr Salla Poutiainen  
*"Culture, Interculturists and Technology"*

International Association of Business Communicators (IABC) World Conference, June 2011, San Diego  
*"Is Your Global Brand Hiding an Ethnocentric Reality?: Intercultural Competencies Needed by Global CEOs"*

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## **CHAPTER 1      Introduction**

### **1.1      Background**

In the increasingly global world of business, more and more companies of every size are doing business beyond their domestic borders. Unlike in the 20th Century, when international business was the realm of the mega-corporation and companies tended to progress slowly through identifiable stages of domestic to international to multinational to transnational (Adler & Bartholomew, 1992), today many companies are global from start-up (Gabrielsson & Manek Kirpalani, 2004; Kudina, Yip & Barkema, 2008), and a large percentage of companies operating outside their domestic markets are small and medium enterprises (Kalinic & Forza, 2012).

For smaller companies, the percentage of company resources focused on international markets means the stakes are higher. Even for the large, well-established multinationals, increased globalization and worldwide competition have added pressure to be as successful outside their domestic markets as they are at home. But companies both large and small still often encounter cultural barriers that result in lost contracts, failed joint ventures, disappointing performance, regulatory and legal difficulties, and other challenges.

Although there is a great deal of discussion in the literature regarding intercultural competence and its importance in business, most of the research focus has been at the tactical level, related to mid-level management, and particularly to expatriate adjustment. However, research in the field of international management indicates that companies are increasingly looking for international experience (which may be viewed as a proxy for intercultural competence) in Chief Executive Officer (CEO) candidates (Magnusson & Boggs, 2006), and that international experience of the CEO and top management team members has a positive impact on financial performance

(Magnusson & Boggs, 2006; Daily, Certo & Dalton, 2000; Carpenter, Sanders & Gregerson, 2000, 2001).

Definitions of intercultural competence, and the available tools to measure intercultural competencies, have not focused specifically on the kind of competencies needed at the highest level in the company, which may be different to those needed lower in the organization.

Potentially applicable theoretical frameworks and research span multiple disciplines, including intercultural communication, international business leadership, management, psychology, organizational development and cross-cultural management. However, few studies in any of these fields actually examine the top level of management, leaving a gap in understanding which intercultural competencies are needed at the strategic level, where decision-making that determines the company's success or failure in non-domestic markets takes place. Little is known about CEOs' own perceptions regarding cultural challenges in their day-to-day jobs or about their own capabilities in dealing with them.

## **1.2 Aims of the Research**

The purpose of the study, which builds upon findings of an earlier pilot study (Gibson, 2011), is to gain insights into the strategic-level intercultural challenges faced by companies doing business internationally, identify the competencies needed by Chief Executive Officers, and determine how to develop those competencies to allow companies to overcome cultural barriers to achieve their strategic objectives.

### **1.2.1 Research Questions**

The research questions for the study include:

RQ1: Do CEOs of global companies perceive that culture has an impact on their success in achieving business objectives?

RQ2: Which intercultural competencies are most important for CEOs of global companies? Which are most likely to contribute to success or failure? Are the competencies required different for "Born Globals" than for 20th Century multinationals?

RQ3: How can CEO intercultural competencies be assessed? Are existing measurement tools relevant?

RQ4: Where intercultural competencies are lacking, can they be developed through experience, training, coaching or other means?

### **1.2.2 Methodology**

Because of the dearth of research related to intercultural competency and CEOs, the research is exploratory in nature, and the approach was emergent, qualitative, and inductive. The study included in-depth interviews with a heterogeneous sample of 28 CEOs, selected to include as much variety as possible in terms of industry, company size, location and other variables. Data analysis methodology combined a "constructivist grounded theory approach" (Charmaz, 2006) with computer-aided qualitative data analysis software (CAQDAS), and followed a model proposed by Friese (2012), called "computer-assisted NCT analysis," based on the NCT model proposed by Seidel (1998).

### **1.2.3 Significance**

Exploratory in nature, this study will contribute to the field by providing a basis for further research. Specifically, it will contribute to the development of new theoretical frameworks, or the adaptation of existing theoretical frameworks, to address the specific needs of CEOs. The study will contribute methodological knowledge regarding the study of CEOs and other elite subjects, including overcoming challenges of access and openness. At a practical level, the findings will contribute knowledge which may be applied in the fields of intercultural training and development, executive selection and leadership development, which will enable adaptation of existing tools and methods to the needs of CEOs as well as to the rapidly changing demands of global business in the 21<sup>st</sup> Century.

### **1.3 Organization of the Study**

This report contains six chapters, including this Introduction. Chapter 2 reviews the literature and research relevant to the research questions, and identifies several gaps in the research that motivated this study. Chapter 3 discusses the methodological approach and research design, and details of the data collection and data analysis processes. Chapter 4 presents the findings of the study. Chapter 5 presents a discussion of the findings and conclusions drawn, examines the implications for business, and discusses the limitations of the study. Finally, Chapter 6 summarizes the study, presents recommendations for further research and concludes the report.

### **1.4 Chapter Summary**

This chapter has presented background demonstrating the changing face of the world of international business, and has identified gaps in the research regarding intercultural competencies needed at the highest level in companies to achieve success outside their domestic borders. The aims of the study and research questions were introduced, and an overview of how the study is organized was provided.

## **CHAPTER 2      Literature Review**

### **2.1      Introduction**

This chapter reviews literature concerning several key areas of importance to this study, including the changing world of global business, theories and research in the field of intercultural competence, measurement of intercultural competencies, methods of development of intercultural competencies, and research related to the intercultural competencies needed by CEOs.

### **2.2      Changing World of Global Business**

Historically, only a small percentage of companies transacted business outside their domestic markets. Those that did tended to be very large organizations, major players already well-established and successful in their domestic markets. They progressed slowly through four identifiable phases in their international development, from domestic to international to multinational and finally transnational (Adler & Bartholomew, 1992).

In the past two decades, a new pattern has emerged, with more and more companies “Born Global,” moving rapidly from start-up to fully international (Kudina et al, 2008; Gabrielsson & Manek Kirpalani, 2004). Although the definition of the Born Global company varies somewhat, for the purposes of this study the term refers to companies which began operating outside their domestic market within three years of start-up. Today, more and more companies of every size and in virtually every country are now selling their products and services in multiple foreign markets, managing remote teams, forming strategic alliances, and outsourcing key operations, such as customer service and manufacturing, to partners around the world.

The needs and challenges of Born Globals are likely very different to the traditional 20th Century MNC (multinational corporations), and they may lack the resources to be able to afford making serious mistakes in foreign markets (Gabrielsson & Manek



Kirpalani, 2004), making the stakes much higher. Even when things go relatively well, moving into new markets may place more strain on smaller companies than on larger ones that expanded far more gradually. Studying SMEs (small and medium enterprises), Kalinic and Forza (2012) found that establishing a production unit abroad resulted in consequences that lasted up to three years, with a need for continuous adaptations to stabilize the new situation, causing a period of stress for the company.

Indeed, some believe that the 20th Century model of gradual internationalization is no longer viable – regardless of size or age of the company -- due to shorter product life cycles and the emergence of global demand (Hashai & Almor, 2004). So as the 21<sup>st</sup> Century progresses, the needs of traditional MNCs may indeed shift to become more similar to those of Born Globals.

Already there is greater recognition that CEOs need more international experience than they have in the past. The *Wall Street Journal* reports that company boards are increasingly seeking CEO candidates with experience managing workforces in foreign countries (Light, 2011) in an attempt to acquire intercultural competency at the top.

A 2011 research report published by global consulting firm Booz & Company reports a steep rise in the percentage of CEOs hired from outside firms, which the authors attribute to, among other factors, the desire for global experience at the top (Favaro, Karlsso & Neilson, 2012).

A number of studies have concluded that CEO and top management team international experience has an impact on firm success in international spheres (Sambharya, 1996; Daily et al, 2000; Carpenter & Fredrickson, 2001; Reuber & Fischer, 1997; all cited in Magnusson & Boggs, 2006; and Hutzschenreuter & Horstkotte, 2012). Magnusson and Boggs (2006) concluded that international experience has become a crucial

prerequisite to ascension to the CEO position, trumping education and functional expertise as the most important differentiator in CEO selection decisions.

However, the use of time spent abroad as a proxy for competence may indeed be misleading, as numerous studies with expatriates and sojourners have found that other traits, skills and variables affect the success of cross-cultural adjustment (Church, 1982; Caligiuri, 2000). Bennett (2007) contends that "cross-cultural contact alone is often useless for development of intercultural competence and it may even be destructive under certain circumstances." It is therefore necessary to look beyond the broad concept of "international experience" and examine the more specific intercultural competencies needed at the CEO level.

### **2.3 Culture and Intercultural Competence**

Before examining intercultural competence, it is necessary to briefly discuss the underlying concept of culture. Many scholars have attempted to define and simplify the complex concept of culture, without reaching agreement. For the purposes of this study, the author adopts Spencer-Oatey's (2008) definition:

*"Culture is a fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures and behavioural conventions that are shared by a group of people, and that influence (but do not determine) each member's behaviour and his/her interpretations of the 'meanings' of other people's behaviour." (p.3)*

Of note in the definition is the term "shared by a group of people," because although culture is often assumed to be associated with nationality, individuals are influenced by the cultures of any number of other groups to which they belong. This layering of cultures, which may include regional, religious, gender, generational, and organizational, as well as others, means that taxonomic approaches (i.e., Hofstede, Schwartz, Hall, Trompenaars and Hampden-Turner) based on national geographic boundaries are likely inadequate for understanding cultural differences at the individual level (Spencer-Oatey & Franklin, 2009, p.46).

The study of intercultural competence spans a number of disciplines, including applied linguistics, communication, psychology, organizational behaviour, language, and international business and management. It is also referred to by a variety of other terms, among them: 'intercultural communication competence', 'cross-cultural communication competence', 'multicultural competence', and 'intercultural interaction competence'. The field encompasses a wide range of theoretical approaches, many of which overlap. Terminology and definitions vary, with similar terms often having quite dissimilar meanings, making comparisons difficult. Much of the research is context-specific (for example, studies of sojourners, college students or expatriate managers).

Various scholars have attempted to bring order to the chaos by categorizing, comparing or finding consensus (Berardo, 2005; Spencer-Oatey & Franklin, 2009; Deardorff, 2004). There are some consistencies across many of the frameworks, in that they recognize that intercultural competence is multi-faceted, including affective (attitudes), behavioural (skills) and cognitive (knowledge or awareness) components (Spencer-Oatey & Franklin, 2009). But because what is perceived as competent varies by context, it is unlikely that any particular skill or ability makes one "universally competent" (Spitzberg, 2009).

Indeed, it would be ludicrous to assume that the competencies needed by a CEO, whose global context includes managing a culturally diverse executive team, developing global business strategies and negotiating foreign joint ventures, would be the same as those needed by a university student studying abroad or an expatriate manager overseeing a call centre in Manila. Yet there seems to be an absence of research to determine applicability of the existing intercultural competency frameworks to the context of CEOs.

Nevertheless, a review of some of the leading frameworks may inform this study's exploration. Bennett's (2004) framework, known as the Developmental Model of

Intercultural Sensitivity (DMIS), defines intercultural competence according to a continuum of ethnocentrism to ethnorelativism. He defines ethnocentrism as an unconscious state of viewing one's own culture as central to reality, and ethnorelativism as a conscious recognition and acceptance of cultural differences in behaviour, values and thought as equally valid. Bennett's framework breaks this continuum into six stages: Denial, Defence, Minimization, Acceptance, Adaptation and Integration, and posits that individuals progress through the stages unidirectionally and each stage represents a worldview. He contends that three conditions contribute to intercultural competence: 1) an intercultural mindset, 2) an intercultural skill set, and 3) intercultural sensitivity.

In developing a measurement instrument based on the DMIS framework, Hammer, Bennett and Wiseman (2003) defined intercultural competence as the ability to think and act in interculturally appropriate ways, and intercultural sensitivity as the ability to discriminate and experience relevant cultural differences. They argued that "greater intercultural sensitivity is associated with greater potential for exercising intercultural competence."

The anxiety/uncertainty management (AUM) theory developed by Gudykunst (1998) focuses on the thoughts and feelings of the communicator and their ability to manage those thoughts and feelings in order to communicate effectively. According to AUM theory, both anxiety and uncertainty are higher when communicating interculturally than intraculturally (strangers versus those similar to us), and also higher in initial interactions than in subsequent ones. Uncertainty is defined as a cognitive phenomenon, and anxiety is its emotional equivalent (Gudykunst, 1998). Gudykunst argues that managing anxiety and uncertainty requires mindfulness, being consciously aware of what is happening. He also points out that gaining intercultural competence is dependent on being, or becoming, "uncertainty oriented", able to be open to new ideas

and information, and question one's own beliefs. The skills, therefore, that Gudykunst asserts are required for intercultural communication competence are: mindfulness, tolerance for ambiguity, empathy, behavioural flexibility, and ability to manage uncertainty and anxiety.

A more recent theoretical framework to emerge is that of "cultural intelligence" (or CQ) (Earley & Ang, 2003), closely related to intelligence (measured by the widely known IQ test) and emotional intelligence (EQ). Cultural intelligence is defined as "the capability to be effective across cultural settings" (Ng & Earley, 2006). Earley and Ang (2003) identified three dimensions of cultural intelligence: cognitive/metacognitive (self-awareness and knowledge, and the ability to think about the thinking process and modify thinking); motivation (willingness, perseverance, goal-setting, pushing through the confusion); and behaviour (the ability to adjust or adapt verbal and non-verbal behaviours suitable to the cultural environment).

Further refining the definition, Earley and Mosakowski (2004) characterize cultural intelligence as a "seemingly natural ability" to interpret unfamiliar and ambiguous actions, gestures and speech patterns, and to adjust one's own responses appropriately to them. Cultural intelligence relies heavily on the ability to utilize multiple senses, suspend judgement and seek understanding. Earley and Mosakowski contend that although some aspects of CQ are innate, it is possible to develop CQ to an acceptable level in most people.

Defining cultural intelligence as "being skilful at recognizing behaviours that are influenced by culture," Brislin (2006) points out that although CQ includes aspects of emotional and social intelligence, those abilities may not translate into another culture. Similar to Gudykunst's theory, he argues that the two most important skills for CQ are "confusion acceptance" and "suspending judgement":

*“Another important consideration is that not knowing (confusion acceptance) is uncomfortable and might be particularly uncomfortable for people who are accustomed to being highly effective in their own cultural setting (i.e. people who normally have high emotional and social intelligence skills). In fact, confusion acceptance, along with Triandis’s suspended judgement, might be two of the more important skills differentiating cultural intelligence from other forms of social intelligence.” (Brislin, Worthley & MacNab, 2006, p.49).*

Moving beyond the general concepts of intercultural competence, many studies have attempted to identify the specific competencies that are necessary. Unsurprisingly, with no single overarching theoretical framework (Ang, Van Dyne & Tan, 2011), there is little consensus among scholars at this level either. Spitzberg (1997, cited in Berardo, 2005) compiled a 52-item list of empirically derived intercultural competencies, many of which are highly context-specific (i.e. Japanese expatriate managers, American Peace Corps volunteers). There are, however, some competencies that seem to consistently appear across most studies (i.e. awareness, openness, adaptability, flexibility), although terminology and definitions vary significantly, again depending on the context. There is, therefore, some danger in applying not only context-specific, but also context-neutral constructs more broadly without ensuring that definitions are comparable.

Kuhlman and Stahl (1998, translated in Spencer-Oatey & Franklin, 2009) identified six characteristics of the successful expatriate manager: tolerance for ambiguity - the tendency to feel comfortable in uncertain, ambiguous and complex situations; behavioural flexibility – the ability to adjust very quickly to changed situations; goal orientation - the ability to strive towards the achievement of goals which have been set even in difficult circumstances; sociability - the tendency actively to establish social contacts and to maintain existing relationships; empathy - the ability to recognize the needs and intentions of interactants and to react to them in a situationally appropriate fashion; polycentrism (non-judgementalness) - free of prejudice concerning other opinions, attitudes and behavioural patterns, in particular those typical of other cultures; and meta-communicative competence - the ability to intervene and control in difficult communication situations and to repair disturbances in the communication.

Working from a business perspective, Gundling (2003) identifies eight “core values, characteristics or abilities” necessary for global leaders: trust, respect, listening, observation, empathy, flexibility, informed judgement and persistence; as well as 12 “global people skills”: establishing credibility, giving and receiving feedback, obtaining information, evaluating people, building global teamwork, training and development, selling, negotiating, strategic planning, transferring knowledge, innovating and managing change.

Spencer-Oatey and Franklin (2009), coming from an applied linguistics perspective, apply the concepts of politeness theory to intercultural encounters, and propose six “rapport management competencies”: contextual awareness, interpersonal attentiveness, social information gathering, social attuning, emotion regulation, and stylistic flexibility. Their context-neutral approach stresses the dynamic nature of intercultural interactions.

Coming from the field of psychology, Molinsky (2007, 2012, 2013) introduced the concept of “cultural code-switching”, arguing that knowledge and motivation alone are not enough; that what is required is the capacity to act, the ability to mould and shape one’s behaviour in foreign cultural settings, to be simultaneously effective and appropriate in that setting without losing one’s sense of self in the process. His research (Molinsky, 2007) found that psychological challenges, including identity conflict, often arise when someone tries to translate cultural knowledge into action.

Although there are a number of common threads running through the intercultural competence frameworks examined here, the key difference is the context to which they are applied. What constitutes intercultural competence depends on what is required to be “successful” in a given context, on the role-specific challenges most commonly encountered. For a university student studying in a foreign country, success may be defined as integrating into the host culture. Thus, many of the studies based on

students include emotional stability as a required competency (Van Oudenhoven & Vander Zee, 2002). For an expatriate manager on a three-year assignment, success may be based on completing the full term of the assignment. Therefore, studies based on this context have defined success largely as expatriate adjustment (Puck, Kittler & Wright, 2008). The assumption that any of these frameworks may be applied to another context without additional testing or adaptation is questionable. Further, attempts to create consensus across the field to develop a universally applicable framework of intercultural competencies without regard to context are misguided.

#### **2.4 Research Specific to Intercultural Competency at the CEO Level**

Whilst an expatriate employee or manager living and working in a foreign country may need a high level of culture-specific knowledge about one or more countries, at the CEO level, where interactions may span dozens of different cultures within a brief period of time, clearly the knowledge and skills required are different. However, little research in the field of intercultural communication has focused directly at the most senior management level. So although numerous studies have examined intercultural communication competency in students and expatriate managers, none of the available research within the intercultural communication field seems specifically targeted to the most senior level of business, either in the identification of competencies needed or the research samples tested. However, we may gain some insights from research in related fields of leadership, organizational development, management and psychology.

A great deal of research has focused on the concept of “global leadership”, though the term is broadly applied from the manager level upward (Mendenhall et al, 2012), not at the very top of the organization. Mendenhall and Osland (2002, cited in Mendenhall, 2006) reviewed the literature and compiled a list of 53 competencies associated with the construct of global leadership, which they grouped into six categories: “Relationship



(competencies related to developing and maintaining interpersonal relationships in global/cross-cultural contexts), Traits (core personality or habitual behavioural tendencies), Business Expertise (expertise in global business knowledge), Organizing Expertise (skills relating to organizing and structuring human and administrative processes in global contexts), Cognitive (core internal information processing tendencies and world-view), and Vision (the ability to discern where an organization should go and the capability to rally subordinates to strive to achieve the vision)."

Rosen, Digh, Singer and Phillips (2000) conducted face-to-face interviews with 75 CEOs and surveyed 1000 more in a study of leadership competencies, and identified four "global literacies" needed for success: personal literacy – understanding and valuing yourself; social literacy – engaging and challenging people; business literacy – focusing and mobilizing your business; and cultural literacy – valuing and leveraging cultural difference. Rosen's concept of cultural literacy is very similar to cultural intelligence (Earley & Ang, 2003) and Bennett's (2004) concept of ethnorelativism, involving both awareness of one's own culture and understanding and openness to other cultures.

Although Adler's (1992) focus was somewhat lower on the management ladder, many of the skills and competencies she identifies as being important for transnational managers seem likely to apply to CEOs: global perspective, local responsiveness, synergistic learning, transition and adaptation, cross-cultural interaction, collaboration and foreign experience. Adler's research also identified a number of mental gaps that could impact decision-making at the strategic level and prevent success.

Though also not examining CEOs, but rather mid-level managers, Caligiuri's (2006) use of a worker-oriented job analytic approach looked at individual aptitudes (i.e. knowledge, skills, abilities and other personality characteristics) and their impact on the development of interculturally competent managers. Pointing out that "much of the

research focus on global leaders has been in the areas of international assignment or expatriate assignment”, her research expanded the scope to look at those managers located domestically but with global job responsibilities. In earlier work (Caligiuri, 2004, cited in Caligiuri, 2006), she developed a list of 10 activities found to be common – and unique to – managers working in this type of global leadership position. Although not specific to CEOs, this task-centred approach may be usefully adapted in identifying the intercultural communication competencies most likely to be needed at the CEO level.

A pilot study for the current research (Gibson, 2011), based on in-depth interviews with four CEOs, identified five intercultural competencies needed at the CEO level, including:

- Cultural Self-Awareness, defined as “an awareness of one’s own cultural influences, tendencies and biases, and awareness of how one’s own culture may be perceived by members of a different culture.” This definition includes aspects of both cognitive and metacognitive knowledge identified under a variety of terms in numerous studies across disciplines, including Early and Ang (2003), Bennett (2004), Adler & Bartholomew (1992), Rosen et al (2000), Cant (2004) and Gudykunst (1998).
- Cultural Sensory Perception, defined as “the ability to recognize when cultural differences are in play, utilizing a range of senses to spot verbal and non-verbal cues.” Although this competency is frequently referred to as “intercultural sensitivity” in the literature, that term is also frequently misinterpreted as something akin to political correctness. The new term incorporates Hammer, Bennett and Wiseman’s (2003) definition of intercultural sensitivity as the “ability to discriminate and experience relevant cultural differences”, Brislin’s (2006) definition of cultural intelligence as “being skilful at recognizing behaviours that

are influenced by culture”, and Earley and Mosakowski’s (2004) reference to a “seemingly natural ability” to accurately interpret culturally unfamiliar cues.

- Open-mindedness, defined as “the ability to suspend judgement based on one’s own cultural biases and accept that other ways of thinking and behaving may be just as valid.” This term encompasses traits identified on the ethnorelative end of Bennett’s (2004) DMIS scale, Kuhlman and Stahl’s (1998, cited in Spencer-Oatey & Franklin, 2009) “polycentrism”, and Gudykunst’s (1998) concept of being “uncertainty-oriented”.
- Global Perspective, defined as “viewing the business from a transnational perspective, rather than as ‘domestic first, rest-of-world second’”, identified by Adler & Bartholomew (1992) as a key competency for transnational managers.
- Adaptability, defined as “the ability to change one’s behaviour, communication style or business strategy as needed to fit the circumstances.” This competence, sometimes referred to as “flexibility”, is identified throughout the literature and included in almost every list of intercultural competencies. However, unlike in studies of students and expatriates, where adaptation is viewed from the perspective of fitting in to a new culture, the intercultural competency needed by CEOs does not appear to be about assimilating or integrating, but having the mental flexibility to adapt one’s approach as needed across many cultures. It therefore incorporates metacognitive skills and motivation (Earley & Ang, 2003) and psychological flexibility (Molinsky, 2007).

## **2.5 Measurement of Intercultural Competencies**

Most of the research instruments designed to measure various aspects of intercultural communication competence were developed specifically for use with students studying in foreign countries, or expatriate employees living abroad, focusing primarily on the individual’s ability to adapt to being an outsider in a foreign land. For example, Van Oudenhoven and Van der Zee (2002), measured the multicultural effectiveness of

expatriate employees and students with an instrument designed to measure: cultural empathy – ability to empathize with the feelings, thoughts and behaviours of members from different cultural groups; open-mindedness – open and unprejudiced attitude towards outgroup members and toward different cultural norms and values; emotional stability – tendency to remain calm in stressful situations; flexibility – ability to switch from one strategy to another, adjust behaviour to environment; and social initiative – tendency to approach social situations in an active way and take initiatives.

Hammer, Bennett and Wiseman (2003) developed the Intercultural Development Inventory (IDI) based on Bennett's DMIS model, with samples that included a range of age and experience; and studies with international students and Peace Corps volunteers (Kasima, cited in Bird 2008) have supported its internal validity and reliability, but its validity in a global business setting has not been established in published research, according to Bird (2008).

The Cultural Intelligence Scale (CQS) is a 20-question self-test, which was developed and validated with five studies: the first with students in a Singapore business school; studies two and three with undergraduates in Singapore; the fourth with undergraduates in the US; and a fifth study with executive MBA students in the US, which also included peer-reporting as well as self-report (Ang, Van Dyne & Tan, 2011).

Although by no means a comprehensive review, Figure 2-a below provides an overview of some of the measurement tools focusing on intercultural competencies.

Figure 2-a

<b>Overview of IC Measurement Instruments</b>	
Name/description/reference	Research Samples
<b>Attitudinal and Behavioural Openness Scale (ABOS)</b> Questionnaire designed to measure four theoretical dimensions of openness (attitudes, participation in cultural activities, past experiences and comfort with differences) Caligiuri, Jacobs & Farr (2000)	Undergraduate students at US universities
<b>Intercultural Adjustment Potential Scale (IAPS)</b> Originally developed for Japanese sojourners and immigrants, measures individual differences in four psychological constructs considered necessary for intercultural adjustment: emotion regulation, openness, flexibility, and critical thinking Matsumoto et al (2003)	Students, sojourners, expatriates, immigrants
<b>Multicultural Personality Questionnaire (MPQ)</b> Designed to measure potential for success of international students and expatriate employees. Measures five dimensions: cultural empathy, open-mindedness, emotional stability, social initiative, flexibility Van Oudenhoven & Vander Zee (2002)	Students, employees
<b>Intercultural Development Inventory (IDI)</b> Based on Bennett's DMIS stages, 50 items, purports to measure intercultural competence Hammer, Bennett & Wiseman (2003)	~600 people, including not only students but also diversity of age and international experience
<b>Cross-Cultural Adaptability Inventory (CCAI)</b> Used primarily for measuring effectiveness of cross-cultural training (pre- and post-testing) for business professionals. Measures four dimensions: flexibility/openness, emotional resilience, perceptual acuity and personal autonomy. Kelley & Meyers (1995, cited in Bird, 2008)	Business professionals
<b>Global Competencies Inventory (GCI)</b> Claims to measure 17 dimensions of personality predispositions associated with effective intercultural behaviour and dynamic global managerial skill acquisition. 180-item test. Bird (2008)	Japanese expatriate managers
<b>Intercultural Readiness Check (IRC)</b> Has scales for intercultural sensitivity, intercultural communication, intercultural relationship building, conflict management, leadership and tolerance of ambiguity. Van der Zee & Brinkman (2004)	Business professionals, managers
<b>Cultural Intelligence Scale (CQS)</b> 20-question self-test broken down into four categories: Motivational CQ (CQ Drive), Cognitive CQ (CQ Knowledge), Metacognitive CQ (CQ Strategy) and Behavioural CQ (CQ Action). Ang, Van Dyne & Tan (2010)	Undergraduate students, MBA students. Also: international service volunteers, business professionals, military officers

Virtually all the measurement instruments shown above are also reportedly used with business audiences for commercial purposes, although the majority of published academic studies have been conducted with student samples. Where research has focused on business, samples have generally been comprised of mid-level managers, not senior executives. However, the body of research, particularly related to the CQS

assessment, is growing, and has included more focus on business than previously (i.e. Kim & Van Dyne, 2012; Rockstuhl et al, 2011).

Aside from a lack of evidence of applicability to the context of senior-level business executives, such instruments have been challenged for their reliance on self-reporting, calling into question their reliability and accuracy, as well as their value for predicting success in real-life intercultural interactions (Berardo, 2005). However, as Berardo argues:

*“Assessments do have value as informational tools for both learners and trainers. Individuals can gain a stronger awareness of their own strengths and weaknesses—leading to a self-awareness which has been noted by many researchers as important to ICC.” (p16)*

## **2.6 Training and Development**

The question of whether or not intercultural competencies can be developed has been debated by many, largely because some competencies may be seen as innate traits rather than skills. Similarly, there are differing views on how competencies are best developed.

The two most common methods of development utilized in business are training and international assignments. Much of the intercultural training provided is for the purpose of supporting expatriate relocation and adaptation to a single host culture, with a focus on culture-specific knowledge. Training is most commonly delivered in one- to two-day increments (Berardo, 2007).

The literature on intercultural training is largely in agreement that a multiple-method approach works best, including five approaches: cognitive, attributional, experiential, self-awareness, and behavioural (Brislin & Yoshida, 1994). However, there is little research to validate the effectiveness of these training programmes (Puck et al, 2008) in actually developing the needed intercultural competencies. An extensive review of cross-cultural training programs found that such training is more likely to result in

knowledge acquisition than in changing attitudes, behaviour, adjustment or performance (Mendenhall et al, 2004, Mendenhall et al, 2008).

Further, the apparent agreement among those who deliver training may not match the needs of those receiving it. Earley and Peterson (2004) argue that the primary weakness in current approaches is the imbedded assumption that all individuals need a similar exposure and training regime. Mendenhall (2006) argues that traditional training is not the most effective way companies can develop future leaders:

*“Whatever development strategy is used to facilitate global leadership competency development, it must be able to facilitate fundamental change in people. [...] Tacit competencies cannot be learned in traditional executive education settings where case analysis, lecture, and Socratic dialogue are the primary vehicles for learning. Such expertise can only be developed in a context that forces managers to act and think using global competencies, for it is only in this way that global leadership competencies can be internalized and “owned” by managers.” (p. 427)*

Hardingham (1998, in Mendenhall 2006) recommends private coaching as most useful for executives “who are unused to being on the steep part of the learning curve, who feel uneasy about being there and who need to air their concerns and reflect on their struggles in private.”

Mendenhall agrees, asserting that the most effective development method “involves the use of expert coaches in what has been termed ‘real-time’ training” (Mendenhall and Stahl, 2000; Mendenhall 2006). Many scholars agree that the development of intercultural competencies is a long-term and ongoing process, never fully accomplished (Mendenhall, 2006; Earley & Peterson, 2004; Chrobot-Mason & Leslie, 2012).

Thus there may be a substantial gap between the intercultural training industry norm, which may have been more effective in developing competencies needed for expatriate

adjustment, and the longer-term one-on-one coaching that may be more effective for developing competencies needed at the executive level.

## **2.7 Chapter Summary**

This chapter has reviewed literature concerning several key areas of importance to this study. Firstly, it examined the rapidly changing face of global business, identifying a potential gap between the intercultural competencies required of businesses which were doing business beyond their domestic borders in the 20th Century, and the needs of businesses, large and small, operating globally in the 21st Century.

This review has found a vast and fractured body of knowledge regarding intercultural competency, spanning multiple disciplines. Theories and research in the field of intercultural competency were examined, though no single overarching theoretical framework or conceptual model was found to have been shown to be directly applicable to the needs of senior-level executives. This review has found a dearth of research in the field focused at the CEO level. Similarly, a gap was demonstrated in the instruments that have been developed to measure intercultural competencies, in that most were developed for use with students and expatriate employees much lower down the organization. The review also examined the literature with regard to methods of development, identifying a possible gap between the most commonly used development methods and the most effective way of developing competencies in senior executives.

This study is an attempt to begin to fill the gaps identified above by exploring the intercultural competencies needed by CEOs of companies doing business globally in the 21st Century. Because so little research has been focused in this area and it is not clear whether existing theories apply, it is necessary to begin with exploratory research rather than imposing theoretical frameworks. This would indicate the need for an



emergent research design and inductive methodology, which will be explained in further detail in Chapter 3.

## **CHAPTER 3      METHODOLOGY**

### **3.1      Introduction**

This chapter discusses the methodological approach and research design employed to examine the research questions set out in Chapter 1. The first section provides background, including an overview of the pilot study upon which the current study is based, and a discussion of the challenges of researching CEOs and mitigation of those challenges. The next section discusses the methodological approach and methods chosen, along with a step-by-step description of the process of data collection. Next, an overview of the data analysis methodology is provided, including a step-by-step description of the analysis process. Finally, ethical considerations concerning the research are discussed.

### **3.2      Background**

#### **3.2.1      Research Philosophy**

The research philosophy underpinning this study includes an ontological position of subjectivism, "the view that social phenomena are created from the perceptions and consequent actions of social actors" and an epistemological position of interpretivism, based on a belief that human interaction is complex and understanding it includes the interpretation of both the actors and the researcher (Saunders, Lewis & Thornhill, 2009, p.109). As Charmaz (2006) puts it, this approach "explicitly assumes that any theoretical rendering offers an interpretive portrayal of the studied world, not an exact picture of it" (p.11).

#### **3.2.2      The Pilot Study**

An earlier pilot study (Gibson, 2011), served as Phase One of the current research, and both its emergent design and key findings are incorporated into this research. In the pilot, in-depth interviews, each 90 minutes in length, were conducted with four CEOs of companies doing business in multiple foreign markets (see Figure 3-a).

Figure 3-a

<b>Pilot Study Participants</b>						
Subject	Industry	HQ location	Employees (including contractors)	Countries w/ operations	CEO national origin/current residence	CEO gender
#1	Internet Security Software	UK	200	12	UK/UK	M
#2	Business School	US	450	4	UK/Hong Kong	M
#3	Accounting	UK	30,000	100	USA/UK	M
#4	Research	UK	300	4	Canada/UK	F

The nature of the pilot interviews can best be described as non-standardized and falling somewhere in between “semi-structured” and “unstructured” (Saunders, Lewis & Thornhill, 2003), in that the interviews were informal, no set list of questions was used, and the interviewees were given the opportunity to talk freely about their beliefs and experiences. Questions were used primarily as topic prompts, were deliberately open-ended, and varied from interview to interview. However, each interview covered at least some of five general topic areas, including: perceptions of cultural issues at their level, subjects’ personal experiences interacting cross-culturally, company experiences, company culture, and personal traits and skills they think are needed.

Following each interview, the interviewer wrote up a one-page Field Note (see Appendix A), to record the interviewer’s impressions, themes or quotes that stood out, and what worked or did not work well in the interview. In this way each interview informed the next, and some common themes began to emerge even before analysis of transcripts began.

An inductive data analysis method known as “data display and analysis” (Miles & Huberman, 1994) was employed, recognizing that analysis takes place at all stages of the research. A detailed account can be found in the research report (Gibson, 2011).

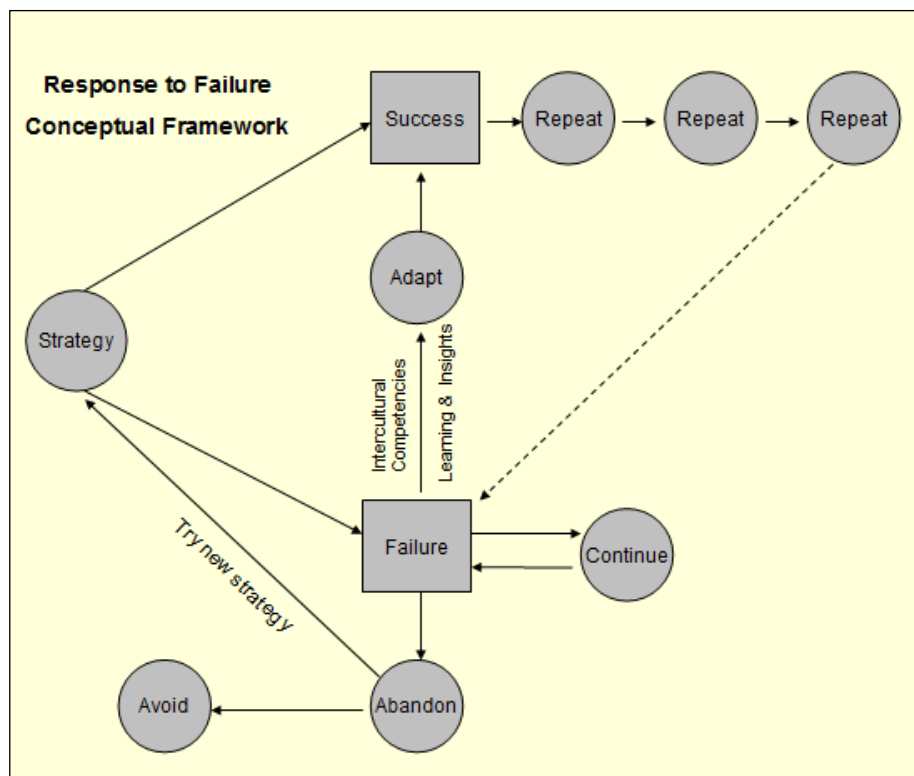
The pilot study findings included the identification of five areas of business where the CEOs perceived culture having an impact at their level: decision-making; hiring; managing their direct reports; conflict and negotiation (both inside and outside the company); and achieving objectives.

As discussed in Chapter 2, the intercultural competencies identified in the pilot study as important at the strategic level of business were: Cultural Self-Awareness, Cultural Sensory Perception, Open-mindedness, Global Perspective and Adaptability.

The emergent nature of the research paid off, in that whilst analysing the data, a completely unlooked-for theme emerged that was identified as “response to failure”. This refers to how the individual responds to an intercultural interaction that does not achieve the desired outcome. The data revealed four distinct patterns of response to failure: Adapt, Continue, Abandon, and Avoid. Through further analysis, a conceptual framework emerged, which describes the patterns.

As illustrated in Figure 3-b below, each interaction, which may include anything from a simple conversational interaction to a complex business initiative, begins with a strategy. If the strategy is successful, the subject will utilize it again in similar encounters, repeating it until such time as it fails. If the strategy is unsuccessful, the interculturally competent individual is able to adapt his or her strategy in order to achieve success. But those lacking cultural self-awareness, cultural sensory perception, open-mindedness and adaptability are less able to adapt. The data did not reveal any instances where global perspective impacted this pattern.

Figure 3-b



In the pilot study, Subject #1 exhibited the Adapt pattern in almost every area of business impact explored.

The pilot study data also revealed a response pattern of continuing to pursue the same strategy, sometimes in spite of repeated failures, until either circumstances change, or eventually enough learning occurs to achieve some level of adaptation. Subject #2 exhibited the Continue pattern in several instances, most notably in managing, negotiating and dealing with conflict, all three of which have serious implications for achieving strategic business objectives.

Another response to failure revealed in the data was that of abandoning the strategy, in some cases to try a new strategy, which could lead either to success or another failure. The primary difference between this pattern and the Adapt pattern is that no learning seemed to have occurred from the failure, except that the strategy failed. In some instances of abandonment no new attempt was made to achieve the original objective,

but instead the subject avoided a recurrence by abandoning the objective altogether. Subject #4 exhibited the abandon/try-new response repeatedly in hiring (which she identified as one of her company's biggest barriers to growth). In other areas, her response to failure was to abandon and avoid. A major business initiative to outsource a key function to India was abandoned completely when the chosen vendor failed to meet expectations. The company also retreated from several foreign markets where cultural differences meant their business approach was not well received or they were unable to hire the "right person". In each of these instances, no learning appeared to occur as a result of failure, and, in some, the failure served to reinforce existing ethnocentric beliefs.

Overall, the pilot study made a number of significant contributions to the current study. The emergent methodological approach of the pilot enabled the development of an effective methodology for gaining rich data from the CEO subjects, including refinement of the interview technique. The findings regarding business impact areas and intercultural competencies provided the basis for further exploration with a larger sample, to validate and expand upon the initial findings. The emergence from the data of the response-to-failure patterns provided an indication of possible links between specific competencies and success in intercultural interactions which needed further study. Finally, the experience gained from the pilot informed the current study's analytic approach and choice of methodology.

### **3.2.3 Challenges of Researching CEOs**

Choosing to study CEOs presents a number of obstacles, perhaps the most challenging of which is gaining access to these busy executives. One group of researchers conducted an analysis of four studies in two countries involving interviews

with 90 “corporate elites”, and identified access as one of four common areas of challenge, along with power, openness and feedback (Welch et al, 2002).

Yeung (1995) also cites access as a key challenge when seeking to interview senior executives:

*“In general, access to organisations is constrained by the financial background of the research project, the nature of organisations and the role of individuals and 'gatekeepers' in these organisations. In practice, opportunism is often the word of the day in organisational research.” (Yeung, 1995, p317)*

The role of gatekeepers should not be underestimated when it comes to CEOs. In most organizations of any size, it may be impossible for an outsider to reach the CEO directly. Requests may be channelled through assistants or communication departments, who often choose to decline or ignore requests, or delegate them to other executives based on their judgement of the appropriateness of the topic. For example, a request by the researcher to the CEO of a major supermarket chain was forwarded by his assistant to the company's director of communication because the topic dealt with communication. Gatekeepers may play an important role even after participation has been agreed, because it is often necessary to work with them to schedule the meeting, and they may re-schedule and even cancel meetings without regard for the researcher's needs.

Researchers have also found that corporate elites may not value academic research, which may affect access, and that the gap between business and academia may vary by culture, with business elites in some countries less likely to cooperate with researchers than others (Welch et al, 2002).

The challenge of openness is also important to address in the research design. CEOs are generally experienced and trained in dealing with media interviews, where the goal is to present themselves and their companies in the most favourable light. In order to

gain rich data, it is necessary to get beyond the public persona. Thus it is essential that the interviewer have the ability to establish rapport and gain the trust of the interviewee. Assurances of complete confidentiality and anonymity for both the CEO and his or her organization are essential to gaining agreement to do the interview and achieving openness in the interview.

In the earlier pilot phase of this research (Gibson, 2011), three of the four interviews yielded rich narratives, the fourth was somewhat less successful. In comparing and analysing the four, it appeared that the level of openness could have been correlated to the length of the “relationship chain”. All four participants were recruited via the researcher’s professional network. The three successful interviewees were linked to the interviewer by a trusted source (the contact who arranged the interview had a direct relationship of trust with the interviewer and a direct relationship of trust with the interviewee). The fourth interviewee was one link removed (the contact who arranged the interview did not have a direct relationship with the interviewee but gained access through an additional contact). It was therefore considered that the additional link in the chain may have contributed to the interviewee’s guarded and superficial responses. One design option considered was to expand the research team, recruiting and training a team of interviewers to carry out interviews with CEOs with whom they already have relationships of trust. Although this option proved unworkable for the current project, it could be considered for future research to expand the sample on a global scale.

Although not specific to CEOs, Fink, Kölling and Neyer (2005) noted the importance of trust in getting subjects to discuss critical incidents:

*“The interviewed person is willing to tell little stories, if she/he finds the interviewer sympathetic or if she/he can help the interviewer to solve a difficult task. Interviewed persons mostly find interviewers who belong to their own culture more sympathetic and trustworthy. Interviewed persons do not want to look bad or lose their face during the interview.” (Fink et al, 2005, p13)*



This view that ideally the interviewer should share the same cultural background as the interviewee is not supported by Welch et al (2002), who found evidence that interviewees “were willing to comment more freely on issues to a foreigner rather than to someone with local contacts and allegiances.” Although many factors may influence the interviewer’s ability to establish trust and gain openness, it is not clear that culture alone, whether the same or different, is a determining factor.

Additional challenges to be addressed in the research design include:

- Language barriers – Although many global CEOs speak English in addition to their native tongue, conducting all interviews in English would necessarily limit the sample and might also inhibit openness.
- Geographic spread – Unless the study is limited to subjects based in a single country or region, the travel costs required for a single researcher to achieve face-to-face interviews with a significant number of global CEOs could be prohibitive.
- Interviewer bias – Construct bias and other forms of interviewer bias are more likely when the interviewer and interviewee are of different cultures and when the interview is conducted in a foreign language (Fink et al, 2005).
- Time limitations – Even with access, gaining 60 minutes of a CEO’s time is extremely difficult, so it is essential to ensure that no time is wasted in the interviews.
- Power differential – As pointed out by Welch et al (2002), a large power differential between subject and interviewer may impact the interview, so a young or inexperienced interviewer is unlikely to be successful interviewing a CEO, and it is necessary to establish the credibility of the interviewer.

### **3.2.4 Mitigating Some of the Challenges**

With all the challenges noted above, it is understandable that little of the academic research in the field has focused directly on very senior executives. As with many research projects, both the selection of the topic studied and the ability to gain access to the data are tied to the particular capabilities, experience and contacts of the individual researcher. Such is the case with language teachers who study students in a classroom setting, applied linguists who study early language development in their own children, and psychologists who study their patients. In this case, the researcher brings to the project a 25-year career in corporate communication, much of it working at the senior level, serving as counsel to CEOs of global companies. Her experience in the business world and as an interviewer, and even her age, contributed to her ability to overcome the problem of power differential.

The researcher's vast professional network, due to her former role as international chair of a 15,000-member professional association, helped to overcome access issues. All the CEOs recruited through contacts were linked through a single trusted source – personally introduced by someone with whom they had a relationship of trust.

Those CEOs recruited through social media channels were able to view not only the request but also the full professional profile of the researcher before choosing to respond. So the profile, which reflects long experience and spans both business and academic worlds, helped with gaining access and establishing credibility.

Verbal and written assurances of anonymity also supported openness. The decision to audio-record rather than use video was a deliberate one. Because of her background in corporate communication, the researcher was aware that most senior executives have been through media spokesperson training, and therefore the use of video is more

likely to turn the interview into a performance, resulting in crafted sound-bites rather than authentic discussion.

In dealing with the time challenge, which was considerable in the pilot phase when the request was for 90 minutes, the meeting time requested was reduced to 60 minutes, with most of the interviews lasting about 50 minutes. All interviews were scheduled at the CEO's convenience, working around other meetings, and sometimes rescheduling at the last minute.

### **3.3 Research Methodology**

The choice of approach to any research depends on many factors, including the nature of the research questions to be answered, the extent to which the topic has been previously researched, practical considerations and capabilities of the researcher. In the case of this study, a qualitative, emergent, inductive approach was chosen as the best fit for the exploratory nature of the research.

In extensively researched fields, much of the research conducted is driven by theory, designed to prove, disprove or expand upon existing theory. Research questions are formed to fit theoretical frameworks, and research design is theory-driven (Dick, 2001).

Because almost all the previous research in this field has been focused on competencies needed by students and mid-level managers, which may or may not apply to CEOs, a deductive approach based on previous theories might run the risk of missing key differences or making incorrect assumptions. It would therefore seem much more appropriate to take a bottom-up approach first, allowing theories to emerge from the data (Glaser & Strauss, 1967; Charmaz, 2007).

Glaser and Strauss (1967) pioneered a data-driven approach to qualitative research known as grounded theory, and in the past 45 years many scholars have utilized and

adapted the methods they developed. Charmaz (2007) advocates the use of grounded theory methods as “a set of principles and practises, not as prescriptions or packages.” Although Glaser and Strauss’s view was that the theory that emerges from data is or should be separate from the researcher, Charmaz’s interpretivist approach assumes that “neither data nor theories are discovered” but are co-constructed through both the researcher’s and the research participant’s perceptions, knowledge, past experiences, interactions and more. According to Charmaz, this approach “explicitly assumes that any theoretical rendering offers an interpretive portrayal of the studied world, not an exact picture of it.” Therefore, in adopting this constructivist grounded theory approach, it is essential that researchers make explicit their own role:

*“A constructivist approach means more than looking at how individuals view their situations. It not only theorizes the interpretive work that research participants do, but also acknowledges that the resulting theory is an interpretation. The theory depends on the researcher’s view; it does not and cannot stand outside of it.... Constructivist grounded theorists take a reflexive stance toward the research process and products and consider how their theories evolve, which involves reflecting on my earlier point that both the researchers and the research participants interpret meanings and actions. Constructivist grounded theorists assume that both data and analyses are social constructions that reflect what their production entailed.” (Charmaz, 2007, pp130-131)*

The researcher has attempted to follow this principle throughout the project. The following section makes explicit some of the areas in which the researcher’s background influences the study.

### **3.3.1 The Researcher’s Role**

In this study, the researcher’s background in business undoubtedly influences the approach. Having worked at the senior level as counsel to CEOs and other executives, she brings to the project a belief that the individual capabilities of the CEO does impact the success of the organization. The researcher’s experience working in and with global companies, as well as her discussions with communication professionals around the world, have given her insights into the intercultural communication challenges many

global companies have. This worldview not only drove the focus of the study, it influences the study at every stage, including what is looked for, what is noticed, and the interpretations made. In an in-depth interview, not only is the interview subject interpreting his or her own experiences, the act of the interview is interpretive as well, and the interviewer influences the conversation, both consciously and unconsciously. Finally, in analysing the data, the researcher has, in some instances, interpreted the interpretations of the subjects.

### **3.4 Data Collection Method**

An interview involves two or more people having a discussion for a specific purpose (Kahn & Cannell, 1957, cited in Saunders et al, 2003). As a research method, there are a number of types of interview, ranging from the highly structured survey with closed questions to the completely unstructured interview. Each type is specifically suited to different research objectives. The survey-type interview tends to be used more for quantitative research, with larger samples, and is better suited to a deductive approach, proving a hypothesis. At the other extreme, an unstructured interview is well-suited for an inductive, data-driven, emergent approach.

The nature of the research subjects also drives the choice of methods. Yeung (1995) claims that interviews are one of the most preferred methods of gaining access to international business, and that the method contributes to validity (in that it deals directly with decision-makers and collects rich data) and reliability (because it is replicable in practice).

Although written questionnaires may be effective in gathering data further down the organization, senior managers are more likely to agree to be interviewed than to complete a questionnaire (Saunders et al, 2003).

Semi-structured and unstructured interviews are especially useful in exploring a general area in order to gain new insights and define further research questions (Saunders et al, 2003). For this reason, it is particularly appropriate for use in research utilizing an emergent design.

In choosing semi-structure interviews as the data collection method, it must be noted that there may be concerns about reliability, in that another researcher conducting similar interviews might not achieve the same result. For many of the reasons outlined earlier, especially with regard to credibility, rapport and trust, the ability to gather rich data with this method may be highly dependent on the capabilities of the interviewer, and may not therefore be repeatable. According to Marshall and Rossman (1999, cited in Saunders et al, 2003) the answer to that concern is that “the findings derived from using non-standardised research methods are not necessarily intended to be repeatable since they reflect reality at the time they were collected, in a situation which may be subject to change.” In this case, concerns may be addressed through added rigour in the documentation of the research process. As Kirk and Miller (1986, cited in Silverman, 1993) argue, “For reliability to be calculated, it is incumbent on the scientific investigator to document his or her procedure.” In this study, this was done through the use of field notes and analytic memos to provide an audit trail, and through the inclusion of extensive excerpts from transcripts in the report.

Further details of the interview method are provided in section 3.6.2

### **3.5 Sample**

Due to the exploratory nature of this research, as well as the challenges outlined in Section 3.2.2 regarding researching CEOs and other corporate elites, a non-probability sampling, utilizing a combination of purposive, self-selection and convenience sampling techniques would be the most appropriate to answer the research questions (Saunders et al, 2003). Non-probability sampling means that the sample selection is not

statistically representative of the entire population of global CEOs and findings may not be generalised as such. However, for exploratory research with an in-depth focus, purposive sampling using a heterogeneous sampling strategy can be particularly effective (Saunders et al, 2003). A heterogeneous sample in this case would include as much variety as possible within the limitations of the sample size and other restraints. So in recruiting participants, efforts were made to ensure a diverse mix. This required that recruitment be done in phases, so that additional participants could be targeted as needed.

Participants were all Chief Executive Officers (or equivalent title) of businesses operating in a global context, doing business in multiple foreign markets, or with employees working in markets outside the company's home country (ranging from operations in a handful of countries to more than 100). Companies represented range in size from fewer than ten employees to more than 200,000. The sample includes diversity of age (ranging from 34 to 65 years old), gender (24 males, 4 females), location of headquarters (spanning 12 different countries), company age (from 1 to 140 years), national cultures of the CEOs (12 cultures of origin, several dual nationalities), native language (8 native languages, half English), and number of years in current role (from 1 to 22 years). A full breakdown of the sample can be found in Appendix D.

Limitations of the sample, which may impact the generalizability of the findings, include participant bias, in that those CEOs who agreed to be interviewed (self-selection) may not share characteristics or attitudes of the wider population. However, as Bryman explains, the issue of whether the subjects studied are 'typical' is not the critical issue. "What is important is whether the experiences... are typical of the broad class of phenomena...to which the theory refers. Subsequent research would then focus on the validity of the proposition in other milieux." (Bryman, 1988, cited in Silverman, 1993, p160.)

Additionally, the sample is limited to English-speaking participants, so the views of non-English-speaking CEOs may not be represented, and it is possible that the same interview conducted in a participant's native language would yield different results.

### **3.6 Data Collection Process – Step by Step**

Following is a detailed, step-by-step description of the process of data collection.

#### **3.6.1 Recruitment of Participants**

Personal email messages were sent to the researcher's close professional contacts around the world, outlining the research project and asking for help in recruiting any CEOs with whom they had a direct relationship. Those who responded favourably received further information and were asked to make the request and introduce the researcher to the prospective participant via email. The researcher then followed up with an email to the CEO to request available dates for a face-to-face interview. In some cases this required several email exchanges to secure a meeting.

Once an interview was booked in a given city, efforts were made to secure additional interviews in the same region to make the most of limited time and budget resources. In this event, the researcher utilized her wider contact network, including people with whom she had a more indirect relationship (i.e. fellow members of a professional association and people met briefly at conferences). Some requests were sent via email, others via online messaging functions of social networks. The messages sent stated that the researcher would be in the area interviewing other CEOs on specific dates and asked for help in recruiting additional participants. This method proved effective in several instances. For example, a trip to San Francisco, initially booked for two interviews, yielded a total of eight interviews in the end.

In the next round of recruitment, a new capability of the social networking platform LinkedIn, available by premium subscription, was utilized to search for potential



participants and make “cold” contacts. This premium feature made it possible to search LinkedIn’s entire global network using key words and filters and to view the full profiles of people; then to send an “Inmail” message directly to the individuals, who could choose to accept, reject or ignore the request for contact. An important aspect of the Inmail message is that it comes from LinkedIn, and embedded in the message is a link to view the LinkedIn profile of the person making the request. So it is possible for the recipient to quickly determine who the requestor is and whether they have credibility, a considerably different experience than receiving an email request from a stranger. The service limits the number of messages that can be sent per month to prevent spamming.

LinkedIn database searches were performed for several European cities and messages sent in small batches, concentrating one city at a time. As before, once one interview was booked, efforts were made to secure additional interviews for the same trip. This proved to be a surprisingly effective recruitment tool for some of the targeted countries, particularly in Denmark where nearly all the individuals contacted responded, most resulting in an interview. By contrast, requests sent to CEOs in Germany were largely ignored. There could be several explanations for this difference, including cultural or language differences, as well as attitudes towards and use of social media. It may be that although CEOs in some countries have a profile on LinkedIn, they may not maintain the account themselves, instead delegating it to an assistant or marketing personnel. In such cases the CEO may not see the Inmail message, and the gatekeeper effect described earlier remains an obstacle to access.

It should be noted that this new channel, and potentially others like it, may help other researchers overcome the challenge of access when researching elites, although a power differential likely comes into play in the decision of the recipient to respond, reject or ignore the request. If so, if the profile of the researcher reveals a large gap,

the recipient is unlikely to respond. Likewise, as Welch et al (2002) pointed out, the size of the gap between business culture and academic culture may make it more or less likely for business elites to respond to requests from academic researchers.

Although the recruitment process was successful in recruiting a diverse mix of participants, the challenges and resources required should not be underestimated by researchers focused on corporate elites. In addition to the challenges detailed earlier in this chapter, the process of recruiting and scheduling participants was time-consuming, as it required an individual approach rather than a mass approach, and each lead required several exchanges to complete a booking. In all, hundreds of individual emails, Inmails and telephone calls were required in order to achieve the sample of 28. Interviews had to be scheduled at the CEO's convenience, making it sometimes difficult to schedule others around it. Last-minute changes happened several times, including two that could not be re-scheduled, and in one case resulting in costly changes to travel bookings. In total, the amount of time spent on recruitment was in excess of 100 hours spread over a period of eight weeks.

### **3.6.2 In-depth Interviews**

As stated in Section 3.4, the primary method for data collection was in-depth interviews. The format and style of the interview was shaped by the pilot study, utilizing techniques that seemed to yield the best results. Based on this, a list of previously effective questions and follow-up prompts was compiled and reviewed in preparing for the interviews. The interviews focused on collecting stories of incidents from the subjects' own experiences of interacting cross-culturally in both their personal and business experiences, including past and present.

Although the overall format of the interviews was semi-structured, a short questionnaire (see Appendix C) was used to gather background information at the start of each

interview, which would gather data for balancing the sample as well as providing a number of variables for possible analysis. These questions also served as a warm-up and provided the interviewer with a number of possible prompts for soliciting narratives.

Most of the interviews were conducted at the business location of the participant, most often in a conference room, sometimes in the participant's office. Most were conducted with both parties seated at a table, rather than across a desk. One interview was conducted at the participant's home, one in an airport conference room, and two in restaurant settings.

Before starting the interview, the interviewer provided a brief (less than 2 minutes) overview of the research project, explained the objective and format of the interview, including confirming that the interview would conclude within the allotted 60 minutes. Participants were asked to sign a consent form (see Appendix B), and permission was requested to audio-record the interview. It was reiterated that the recording would be used for transcription and analysis only, and that they could be assured of confidentiality and anonymity. The recording device was turned on and placed near the participant.

Whilst asking the background questionnaire questions, the interviewer read from and noted answers on paper. Upon completing that portion, the notes were set aside and the style of the discussion shifted to conversational.

The interviewer explained that the format from here forward would not be about asking and answering questions, but about the interviewee sharing stories from their own experiences of interacting, living, working, or managing cross-culturally, and that they could start wherever they chose. In some cases, that was all the prompting needed. In others, a prompt such as "it might help to start with the first time you found yourself outside your own culture" was usually enough to begin a narrative. Whenever another

gap occurred, similar prompts were used to explore personal experiences, management experiences and business challenges. If the participant spoke only in generalities, prompts included “can you remember a specific incident when you...” If reference was made to having learned a lesson, prompts were used to explore how it was learned.

As the conversation began to wind down, or when the end of the hour approached, two concluding questions were asked which were designed to elicit the CEO’s perspectives on which competencies are most important at their level (regardless of whether or not they believed they had them):

- “If you were hiring someone to replace yourself or for a similar role and you knew this person would need to be successful working across cultures, what traits or skills would you look for, or how would you know they have the competencies needed?”
- “What advice or tips would you give a CEO who is moving into a global position?”

### **3.7 Data Analysis Methodology**

The choice of methods of data analysis is again tied to the research questions and the research approach, and to methods of data collection. Following many of the processes of grounded theory (for coding, categorizing, analysing, memo-writing and allowing theory to emerge from the data), this project also utilized computer-aided qualitative data analysis software (CAQDAS) as a tool for supporting the process of qualitative data analysis. The software programme selected was ATLAS.ti, and the processes employed followed a model proposed by Friese (2012) called “computer-assisted NCT analysis”, based on the NCT model proposed by Seidel (1998). The N, C and T represent the three aspects of “noticing things”, “collecting things” and “thinking

about things". Friese's processes, though adaptable to a number of different types of analysis, are based on the same principles that underpin grounded theory.

*Noticing* refers to the process of finding interesting things when reading through transcripts, field notes, documents and other data. As interesting things are noticed, they are given a label, or code. *Collecting* is the process of beginning to group together those interesting things, comparing and contrasting, renaming the codes, combining codes that are conceptually similar. The *thinking* part of the process takes place in both the noticing and collecting aspects, but also as a separate activity of analysis which looks for patterns and relations in the data. The ATLAS.ti software provides a number of capabilities that enable all three steps in the model, although it should be noted that, as with all CAQDAS programmes, it is the researcher, not the software, that performs the actual analysis.

### **3.8 Data Analysis Process – Step-by-Step**

Following is a step-by-step description of the data analysis process in this study:

#### **3.8.1 Transcription**

The 28 CEO interviews generated approximately 24 total hours of digital audio recordings, which were transcribed verbatim, resulting in more than 250,000 words of textual data available for analysis. Both the digital recordings and the transcripts were imported into ATLAS.ti. This made it possible to synchronise recordings to transcripts, making it possible to review them together, and to go back and listen to particular passages at any time to clarify meaning or tone.

In order to safeguard participant anonymity, each CEO was given a number (i.e. Subject #1), transcripts were stripped of identifiers and the documents renamed indicating only a subject number. Where transcript excerpts are used in this paper, the quotations will be referenced utilizing the corresponding subject number and the

location within that transcript. For example, a reference shown as “Sub1 (104:105)” indicates that the quotation is from the transcript of Subject #1, located within a passage that begins with line 104 and ends with line 105. This level of documentation provides an audit trail, contributing to the transparency and reliability of the research.

### **3.8.2 Noticing - Coding the data**

The process of coding was an interactive one, requiring many readings of the transcripts, viewing each one separately as well as comparing and contrasting it with the others. In the first round of coding, the emphasis was on allowing interesting things to emerge from the data without trying to organize or force things into neat categories, but holding the research questions in the back of the mind as a guide. It was a process of immersion in the data, a careful line-by-line reading and re-reading of each transcript, highlighting words, phrases or long passages and giving each a simple label or code name. Although this first round might normally begin without any preconceived codes already identified (referred to in grounded theory as open coding), in this case the pilot study findings provided some of the first round codes. However, a deliberate effort was made not to simply examine the data for further proof of those findings but to explore all possibilities. Some code names were derived from the actual words in the text (i.e. “listening” and “frustration”); some were based on what the researcher interpreted from the narrative (i.e. “early experience as cultural outsider”). When something similar to a previously coded passage was found in another place, the previous code was applied, but there was little focus on making sure codes did not overlap in this stage. At the end of the first full round of coding, more than 80 new codes had been created. On average, the first round of coding took approximately three hours of coding time per one-hour interview.

### 3.8.3 Collecting – Sorting, Comparing, Contrasting

Once the first round had been completed, the long list of codes provided the next area of focus. Because each coded quotation had been “attached” to the code, the code list within ATLAS.ti showed the number of quotations attached to each code listed (referred to within the software as “groundedness”). A review showed codes with only one or two links, allowing a quick evaluation of whether or not to discard the code. Likewise, scanning the list revealed overlapping codes which could be combined. Further review suggested the possibility of codes that could logically be grouped together into code families. In this way, the code list began to take on a structure based on conceptual linkages. Codes were renamed and grouped into families within ATLAS.ti, including families for Business Impact, Competencies, Development, Response-to-Failure Patterns, each of which correspond to the research questions as well as others. Some codes from the first round that did not seem to fit into a family were left to stand alone at that point, in case later analysis might reveal linkages. Figure 3-c shows a snapshot of the Business Impact (BI) codes at this stage. Note the number following each code name indicates the number of quotations attached to it.

Figure 3-c



While the organization and emerging structure are useful at this stage, to rigidly force the data into categories would be the opposite of the intended emergent approach. It is

therefore critical that the researcher remain open throughout this process to seeing things not looked for. Glaser and Strauss (1967) described this openness as “sensitivity to all possible theoretical relevances”.

Once this stage was complete, another round of review and coding was necessary in order to ensure that the now somewhat more complete code list was applied to the all the data. For some codes it was possible to utilize the query tool within ATLAS.ti to search for additional instances across all transcripts. For example, although not one of the initial codes, in reviewing transcripts several participants mentioned “listening” as one of the key skills they use in intercultural exchanges, so a code was created midway, which meant that transcripts reviewed prior to that point were not coded for it. So utilizing the query tool, a search on the word “listen” turned up 22 mentions, which could be easily viewed in context, analysed and coded where appropriate. Not all concepts are as easy to search for with key words, but this method was useful for finding those that are. Another similar query uncovered a possible link between use of the word “frustrating” in a critical incident and one of the response-to-failure codes. While not quite ready to explore the association at that stage, it was simple to create a research memo to capture the thought for later exploration and analysis.

Also at this stage, the data from the background questionnaires was imported into ATLAS.ti and linked with the respective subjects to enable possible later analysis by variables.

#### **3.8.4 Thinking – Querying and Analysing**

It was at this stage that the additional power of the ATLAS.ti software became more apparent. In the previous pilot study, with only four transcripts, the process of looking more closely at the data to compare and contrast and allow patterns to emerge was a

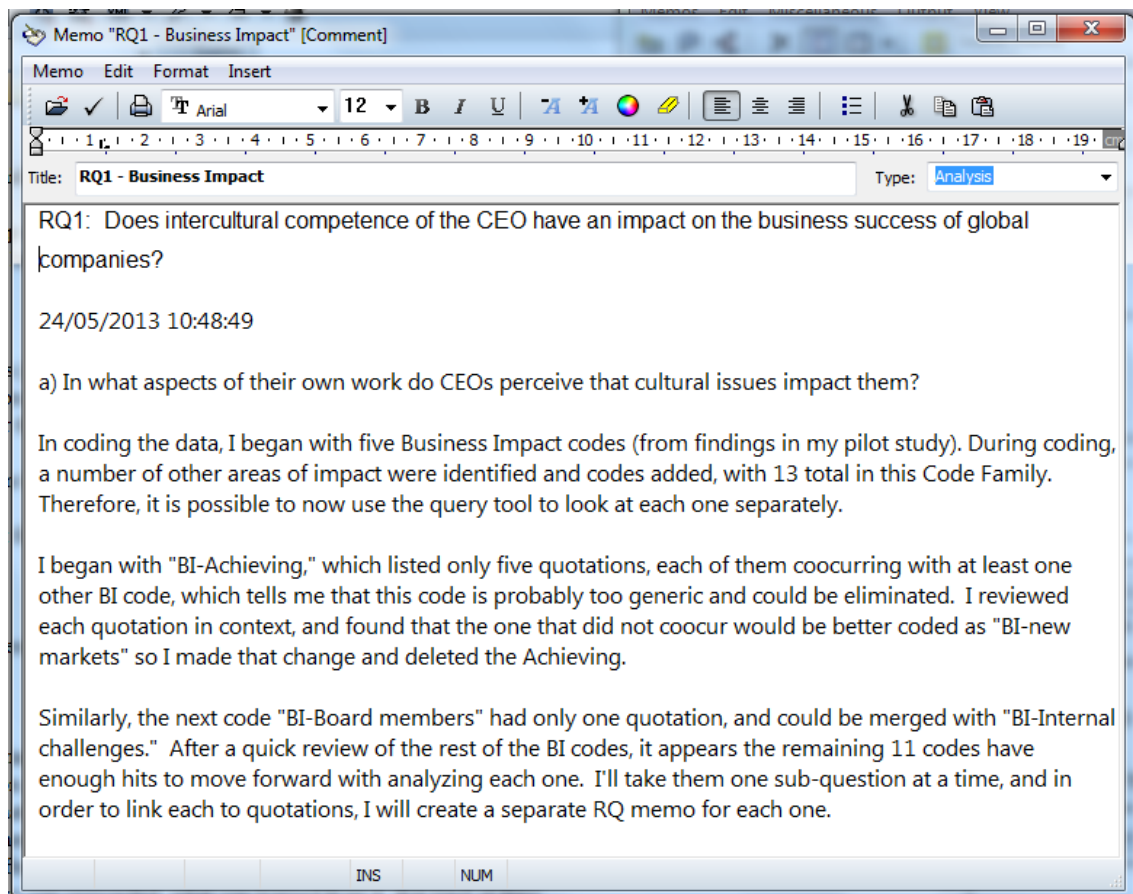


completely manual one. After transcripts had been marked up with highlights, codes and margin notes, coded excerpts were grouped together by means of “cutting and pasting” text from the electronic documents into spreadsheets. Displays were then created in order to view responses of all four subjects. This necessarily meant that excerpts were now being viewed out of context and also limited the number of comparisons it was possible to make. With only four transcripts, it was nonetheless workable, and even with the limitations some patterns did emerge. The same process utilizing ATLAS.ti was remarkably more efficient.

Returning to the research questions, analytic memos were created within ATLAS.ti's memo tool for each question and thought was given to sub-questions that might be used to answer the primary questions. This function then made it possible to document each step of the process and link queries, findings and thoughts to each memo so that they could be re-examined at any time. This is useful not only for the researcher but also for providing an audit trail, contributing to the reliability of the study. The use of analytic memos to elaborate categories and explore relationships between categories is a key component of grounded theory (Charmaz, 2006).

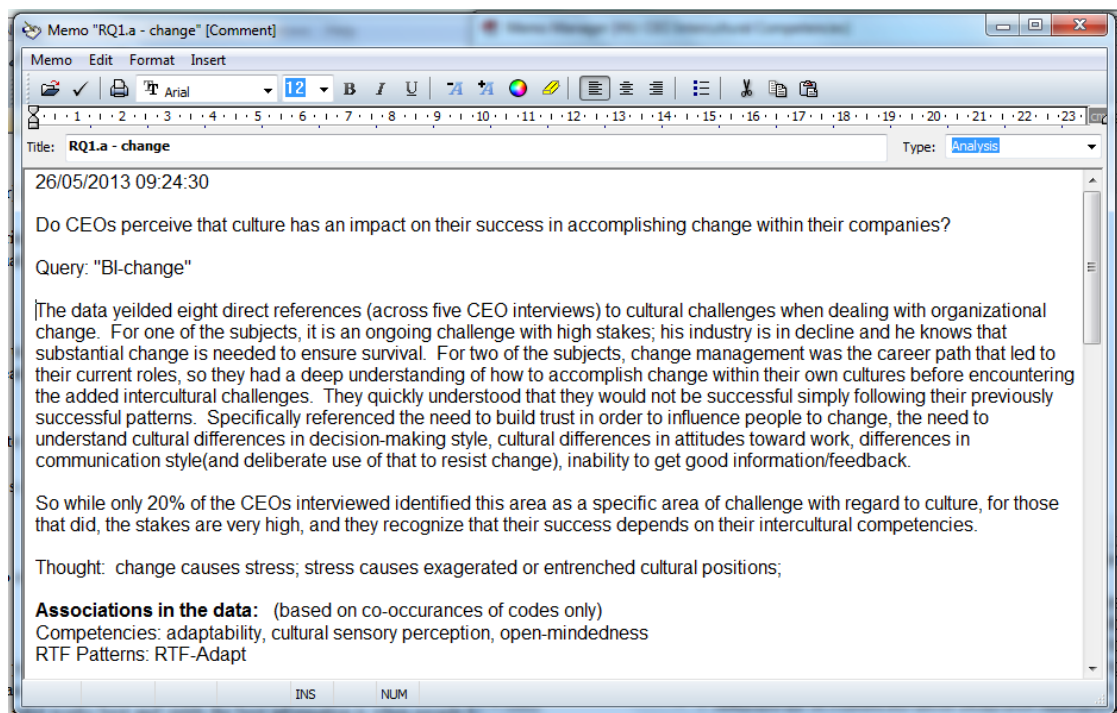
With a research question memo open, thought would be given to the question and what type of query might help to answer the question. The types of query used could range from a simple request for all instances of a single code, to more complex queries. Each query was documented in the memo and notes added regarding findings and thoughts. In some cases the initial query sparked others, and additional memos were created. Figure 3-d shows one of the early memos, which illustrates this. It also shows how the code list continued to evolve.

Figure 3-d



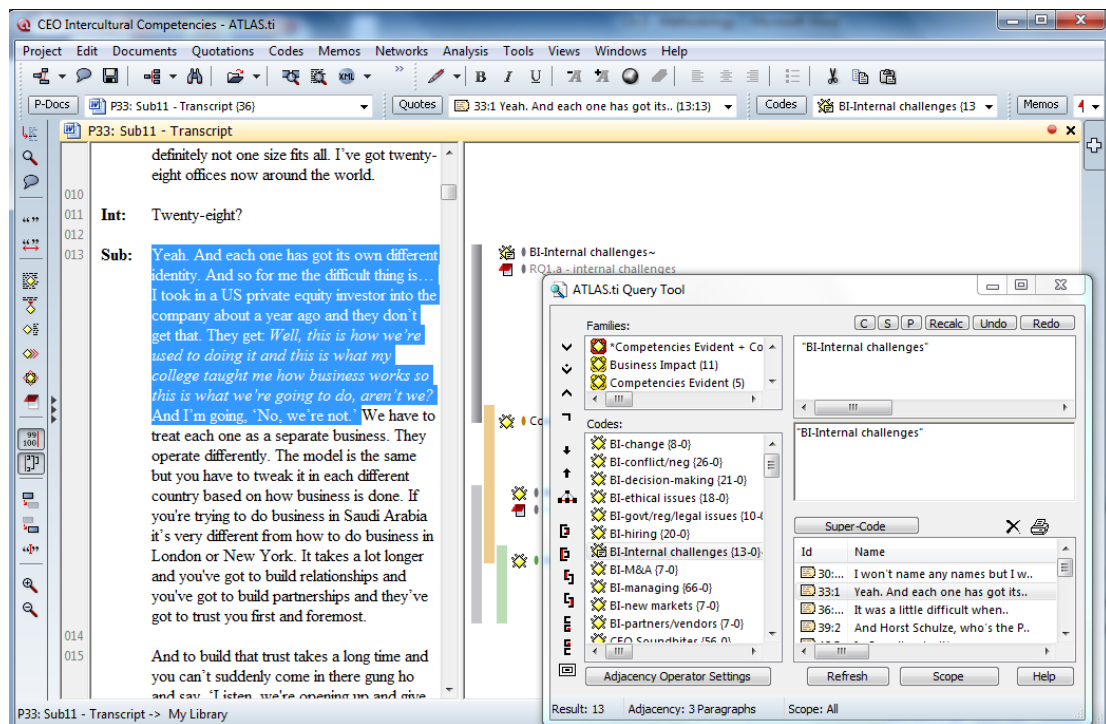
The memo shown in Figure 3-e illustrates the format used in the RQ memos. The title of the memo indicates that it is a sub-question of Research Question 1 and that its topic is "change." The memo is date/time stamped and the sub-question indicated. To answer this question, a simple query of the single code "BI-change" was used. In all memos, the actual query used was cut-and-pasted from the query tool. This level of documentation makes it possible to follow the analytic trail and to re-run queries at a later time, especially if the codes are further refined at a later date.

Figure 3-e



When running queries, ATLAS.ti does not merely count the number of instances that match the query, but makes it possible to quickly view each coded instance in context. In contrast to the manual process described earlier, this allows the researcher to remain very close to the full narratives. Figure 3-f illustrates how this process works. The query tool (the smaller box on the lower right) returned 13 instances of the code "BI-internal challenges", which are listed in the lower right-hand panel. Clicking on the listings brings up the transcript with the coded quotation highlighted so it can be read in context, and other codes around it are visible as well. Quotations were then linked to the memo, to be easily retrieved later without the need to re-run queries. So for each memo, quotations were carefully read, associations with other codes noted, and analytic notes were made.

Figure 3-f



This process was repeated for each research question and sub-question, often generating additional sub-questions and more queries as possible patterns and associations were spotted, until it was felt that saturation had been reached.

### 3.9 Ethics Issues

The primary ethical issues particular to this methodology and this project include maintaining agreed anonymity and confidentiality, and safeguarding sensitive information.

Participants were provided with a written description of the study's aims in advance of agreeing to be interviewed. Prior to the start of the interview, participants were given a consent form clearly stating their right to withdraw at any time from the study. Prior to starting the audio recording, permission was requested to record the interview.

Participants were assured of anonymity for both themselves and their companies in any report resulting from the research, so this report will utilize pseudonyms and some excerpts may be edited to remove identifiers (any breaks from the original narrative will be indicated with ellipses).

All audio files and text documents were encrypted and stored on password-protected devices and on secure external servers. Anyone with access to the data (i.e. transcriptionists) was required to sign confidentiality and non-disclosure agreements.

Another ethical consideration is the researcher's ethical obligation to those contacts who helped in recruiting participants. In making the introduction and request, they have placed faith in the researcher, potentially putting their own relationship with the CEO at risk. In every case these are highly valued relationships, and in some cases the CEO is their employer or client. The obligation to safeguard that relationship cannot be taken lightly. The researcher must ensure that the interaction is professional and positive, that the CEO is not left feeling it was a waste of time.

Both the participants and those who helped recruit them have a right to know the outcome of their contributions and to benefit from the research findings. Therefore, the final report and any resulting publications will be shared with them.

### **3.10 Chapter Summary**

This chapter has presented methodologies, methods and processes utilized in carrying out the research. It provided pertinent background, including a brief report of the pilot study and the challenges inherent in studying CEOs. The approach and methods of data collection and data analysis were presented, including the rationale for the choices made in the research design and limitations of the methods chosen. Finally, ethical issues were discussed.

## **CHAPTER 4 Findings**

### **4.1 Introduction**

This chapter presents findings from the data gathered through interviews with the 28 CEO participants, analysed inductively utilizing “computer-assisted NCT analysis” (Frieze, 2012), as described in detail in Chapter 3. This chapter is organised into sections related to the research questions presented in Chapter 1. The first section addresses areas of business impact (RQ1), followed by a section on intercultural competencies needed (RQ2). The third section presents findings regarding the development of intercultural competencies (RQ4). The next section examines the Response-to-Failure patterns found in the data. The remaining research question (RQ3), which regards methods of assessment, will be examined in the discussion of findings in Chapter 5. Throughout this chapter, representative quotations from the transcripts are provided.

### **4.2 Areas of Business Impact**

Research Question 1 focused on whether the intercultural competence of the CEO has an impact on the business success of global companies. The interview data was analysed to examine where, if at all, culture comes into play at the CEO level. To do this, the transcripts were reviewed and coded for areas of business impact. Although the pilot study (Gibson, 2011) had previously revealed five areas of business impact, a number of new areas of impact emerged from the data, and one of the original five was determined to be redundant.

In total, the data yielded 203 coded quotations across 11 identified areas of impact. Figure 4-a below shows the codes and total number of coded quotations across all transcripts. Although the analysis is qualitative not quantitative and therefore the numbers themselves are not findings, the number of occurrences of any code nonetheless serves as a useful indicator for further qualitative exploration. Each of the

11 impact areas is examined more fully in the following sub-sections, presented in descending order of number of occurrences.

**Figure 4-a**

<b>Area of Business Impact</b>	<b>Quotations</b>
BI-change	8
BI-conflict/neg	26
BI-decision-making	21
BI-ethical issues	18
BI-govt/reg/legal issues	10
BI-hiring	20
BI-Internal challenges	13
BI-M&A	7
BI-managing	66
BI-new markets	7
BI-partners/vendors	7
	203

#### **4.2.1 Managing**

The code “BI-managing” was applied to quotations where subjects referenced culture impacting their success in managing and motivating their direct reports (senior executives). With 66 references in the data, across 25 of the 28 subjects, it appears that this is by far the most common source of culture-related challenge for CEOs. It affects their day-to-day work. The three CEOs who did not give examples of issues in this area were the only three in the sample who do not have direct reports of different cultures. Some of the narratives were accounts from past roles, not in their current role as CEO. This code also co-occurred with a number of other codes, including other impact areas and competencies needed. Additional queries to examine the most frequent co-occurrences revealed a high number of associations to “Comp-adaptability” (15) and “Comp-cultural sensory perception” (18). These will be discussed more fully in those sub-sections as well as in the next chapter.

Analysis of the quotations revealed that the challenges in this impact area span a range of issues, but there are some common threads which make it possible to group them into seven general sub-categories:

#### **4.2.1.a Trust and Loyalty**

The need to establish trust and loyalty, and challenges doing so cross-culturally, was a recurring theme in the data, especially for the CEOs of smaller companies and those in the early stages of expanding into foreign markets.

One subject recounted an experience of entering the Hong Kong market, with an employee with whom he believed he had a relationship of trust and loyalty. He said, “I would put trust above skills, because she was my only person on the ground. [...] So having that trust in her is part of what made her so valuable to me.” He was then shocked when she suddenly gave notice of her departure, because he expected that he would have received some indication of dissatisfaction. “I took it personally [...] I was so convinced that I was the good boss [...] All the things that make me a good boss in the United States, I assumed would make me a good boss in Hong Kong and would keep her, retain her as an employee. She ended up leaving to go work for a former employer who offered her a little bit more money.” (Sub20, 163:163)

#### **4.2.1.b Adapting Management Style**

As mentioned in the example above, management styles that work well in a CEO’s own culture may not be effective in managing direct reports of different cultures, thus requiring the CEO to adapt. This theme appeared in numerous quotations, reflecting both a high level of awareness of this impact area and the high level of diversity in many of their executive teams. As one subject put it: “You’ve got to be sort of a chameleon and get the best out of people by prodding them in different ways.” (Sub11, 55:55).



For many of the CEOs in the study it is not simply a matter of understanding and adapting to a single foreign culture, as would likely be the case for an expatriate manager. Several are managing multicultural executive teams and they find they need a different approach with each culture represented:

*"... so you try to proactively adjust your communications so, for instance, Germans, being very professionally driven and detailed-oriented to a higher degree than Anglo-Saxons would be, and much more than French would be. You naturally adjust your communication to that." Sub16 (185:185)*

Also related to this sub-category are culturally-influenced expectations of leadership behaviour, as these two excerpts illustrate:

*"Dutch decision-making is consensus-seeking [...] you have to have consensus to make decisions. It goes through the whole country, always talking to each other. It won't work in the US. If you think I'm gonna sit here with my management team and say let's all come up with consensus, oh my god, they'll think I'm a weak CEO." Sub4 (80:84)*

*"I learned in Germany that it's very important how the people in charge appear in front of other people, especially when their organization is present. It was all about appearance and where -- you know, after living in California for several years and coming from the start-up area, it was never about that, it was always about rolling your sleeves up, getting the job done, it doesn't matter what your title is, everybody pitches in. Here it was a very ritualistic, rigorous -- and that's how German society runs." Sub7 (399:417)*

#### **4.2.1.c Motivation**

A number of subjects discussed challenges with knowing how to motivate direct reports, since motivation is often culturally-influenced.

*"So I could only motivate them to be a part of the team. I could only motivate them to do whatever I thought they should do. I think that was very challenging and interesting to learn what is motivating different cultures. And there was a German guy in the team, he liked that there was a certain structure and certain rules and he would always live up to them. So it couldn't be too fluffy, then he would lose motivation. But people from the southern Europe, if they had a bias for their leader, they would do it. If the market leader in Italy or Spain had told them that you have to be in the team and do whatever I say, then they will do it. So the different tools in how to motivate people from different markets and different countries." Sub24 (70:70)*

*"You have to have, first, to want to understand about the people and how they live and what's important to them, you've got to engage them, because otherwise you're never going to get the hearts and minds, and if you don't get their hearts and minds, you're never going to get them as individuals to work for you." Sub1 (104:104)*

*"We also have incentive plans for people. It's actually interesting to see some people react to that. Culturally, some people react to those plans better than others. The Aussie attitude is, 'I'm doing my job and this is a bonus if I get it,' whereas, the Asian attitude to that is, 'I want to make it because I know I can get this if I do a good job. I'm going to go for every last booking, no matter how I have to get the booking, if I have to be up until midnight.' I think there are different cultural attitudes to help people be motivated." Sub22 (283:283)*

#### **4.2.1.d Managing Conflicts and Teamwork Issues**

In addition to the cross-cultural differences between the CEOs and their direct reports, several discussed their role in dealing with intercultural clashes among the team members, as in this excerpt:

*"Two people in a small team of five were diametrically opposed because one was, they were both Belgian and one was Flemish Belgian the other was Walloon and I didn't realise that in my absence they didn't talk to each other. They had this ability to exist in the same space without acknowledging one another, which was amazing when I actually was told that that was the issue. And that was immediate because that was my organization, my team and how did I deal with the team because they had to work together. [...] I had to work with the situation because I couldn't change it. I tried to change it. I had a discussion, they were very good, very supportive, understood the issue and what it meant for the company and both continued to work extremely hard as individuals, but still do not work as a team." Sub23 (22:24)*

#### **4.2.1.e Distance Challenges**

Several quotations made reference to issues dealing with distance and remote management, which may exacerbate cultural difficulties:

*"I think that was probably creating more difficulties than it was helpful because first of all, it's difficult to do remote management. Business leadership is always difficult but since we had no experience in dealing with Indians, we probably made lots of mistakes in how they should be stimulated, managed, and motivated, etc." Sub12 (109:109)*

*"Another thing that is a temptation in our industry is 'Oh, we're all online. We're 24/7. You don't need to travel a lot. We can work from our home.' That's true but there's a lot of times that here you see the problem from this side and then there you see the problem from that side." Sub17 (209:209)*

#### 4.2.1.f Feedback/Communication/Language

Gaining information and feedback from subordinates surfaced as a recurring issue, most frequently due to cultural differences in communication style (directness versus indirectness), as can be seen in each of the quotations below:

*"Specifically with Indians, the fact that people aren't allowed to say no to a client. So if I say I need this by Wednesday, absolutely, if everyone on that team knows that there's no way on earth it's going to get done, they're still going to say yes. And for me it drives me out of my mind, and even when I emphasize it with their boss and with the guys we talk to, it doesn't change anything. I can tell them, listen, if you tell me it can't be done, I'm not going to be mad, I'm going to respect your expertise in telling me it can't be done, and then we'll set a deadline together that makes sense. Yes, yes. So Wednesday. Yes, yes. Then it doesn't get done on Wednesday, and I don't understand."* Sub2 (33:33)

*"Getting a forum where you could have a meaningful and open discussion about what was not so good and what do we need to do differently. Having a conversation and reflections where they did not feel they were losing face, which of course is the criminal thing in China. I suppose that's something you develop over many, many years. It was difficult for me."* Sub16 (225:225)

*"The behavior, the Asian behavior again, it's about face. People don't want to lose face by seeming to be a failure in any way, so sometimes you don't hear everything because they don't want to tell you because they don't want to lose face. My Regional Director is a good friend now. I've said to him, 'You need to be honest with me about it.' He says, 'It's not in the culture. You know, if we make a mistake, we try to cover it up and put it right before letting you know.' I was saying, 'You know, we're all in this together and you need to let me know if there's a problem then I can try to help you to deal with it.' But, I think in the Asian culture, face is a huge thing in that society. You can't lose face in any way. You have to be perfect and compliant, and life is very regulated. There's been nothing dramatic, but sometimes you know you're not getting the whole picture and you have to dig deep to try and get it."* Sub22 (210:210)

#### 4.2.1.g Culture-specific Attitudes or Practises

Finally, there were a number of references to accepted management practises varying by culture, including sensitivities with regard to equality versus hierarchy, attitudes regarding age or gender, and practises regarding hiring, firing and promotion, as illustrated in this excerpt:

*"But especially in the [Chilean] office, you have very highly paid executives, and they found it very difficult to... so somebody, for instance, performs very poorly, so they'd want give them another chance, and another chance. But especially when they're highly paid, it's over. Go bring your talent somewhere else. But for them it's very difficult. They'd rather move her away, avoid big confrontations. Because you never know, in a small country, when it will come back to you, when you will meet people again..." Sub4 (25:25)*

#### 4.2.2 Conflict/Negotiating

The data included 26 coded quotations, across 14 CEO interviews (half the sample) relating to culture impacting the outcome in conflicts and negotiations, spanning a number of aspects of the CEOs' work, including managing their executive teams, dealing with foreign governments or regulators, and working with foreign partners. In many of the examples given, the importance of the negotiations was high, and failure came abruptly with no opportunity for adaptation, as can be seen in the following two quotations:

*"I had a business in Spain, and I was leaving Spain. And I worked with this guy in Switzerland. He was a supplier for me... And I was selling the name [of the business].... So I gave a price. He gave another price. I didn't back down on my price and he said, 'Okay, I'm not interested.' And I lost that opportunity. It was gone. Gone. Because I thought this is the price; this is what it's worth. And maybe if I were negotiating with an American potentially they would have said, or given me an opportunity to change my mind - like 'Hey, come on. We gotta meet somewhere here. You don't have another option. This is it. You take this or you get nothing.' - which was the truth. But instead I didn't have that opportunity. And I think that had to do with the fact... I mean, we were dealing by phone - I was in Spain; he was in Switzerland. And then also I probably could have gone back and said, 'Alright, I'll sell it to you for this price,' but I was probably too proud to do it." Sub9 (355:355)*

*"One was frankly in my home country, Germany, where I think you have to be very careful coming into a negotiation with an American mind-set of, to put it probably over-simplistically, of total flexibility that almost everything is up for negotiation. The German mind-set is a much more principled mind-set and then that might sound desirable at first sight but it really isn't when you consider that some of those principles might well lead to the inflexibility of the mind. So I've had situations where we thought that certain terms were up for negotiation when they were offered to us and when we pushed back on those terms, the negotiation was cancelled in the expectation that we should've known that this was the standard offer or the best possible offer and hence, it is not negotiable. So even with me being German, I was kind of blindsided by that." Sub10 (41:43)*

Many of the incidents discussed with reference to conflict/negotiation gave examples that illustrated the need for cultural sensory perception (discussed further in Section 4.3). Often the conflicts escalated because of a lack of the ability to spot the fact that cultural differences were at play, or due to negative perceptions regarding the opposing party's culture (i.e. labelling communication style differences as "rude").

#### 4.2.3 Decision-making

Thirteen of the interview subjects discussed instances where culture impacted decision-making, for a total of 21 quotations identified for this code. There were a number of references to differences in decision-making process, clashes between the CEOs' cultural or personal style of decision-making and that of direct reports, boards, or employees. Incidents included "bad" or "wrong" decisions made, inability to reach decisions, and frustration with the length of time to reach decisions due to cultural differences in decision-making style, as illustrated in these excerpts:

*"What happens is the Dutch culture keep on talking, they keep on talking with each other, and at a certain moment they feel they try to bind everybody in, and there's a decision and they move on. Here, if you try to do that, first of all they don't come to a consensus, and secondly they feel that as a manager, you outsourced decisions you should make to a big group. Here it's much more you make a decision, you sell it to your people and they will follow you. The Dutch consensus is more you have them already into the decision-making, because otherwise if you do a decision the way I do it here, the Dutch won't follow you. It's horrible." Sub4 (83:86)*

*"Denmark is very much a trading nation and we are quite fast. Maybe we think too little, kind of, okay, looks okay, we shake hands and then we go on. Sweden is much more focused on process and consensus and getting everybody involved and so on and so forth." Sub12 (60:60)*

*"If you go to Sweden, there they are extremely focused on consensus solutions. So you can just guess, so you can discuss for years, because everyone has to agree before you can do something. Norway is a place in between because their fraternization is very democratic. In Denmark, you can discuss it around the table. The CEO sits at the end. He says I heard you say. Great. I respect you all, but this is what we are doing. So I think in Denmark there are also some benefits out of this because the decision lines are very clear. In Norway, it is a mess." Sub14 (258:258)*

*"But what I found is that the aspect of Dutch culture that's quite different from the US is this whole culture of consensus - We built the country and we reclaimed it from the sea by working together. The reclaimed land is called polder. So they've got this polder model of everyone should be involved in decision-making. And I had never managed in the States before - I had never been a manager in America - but I had kind of American instincts as a manager, and I struggled with that. Because I like, theoretically, democratically, the idea of everyone deciding together but in effect it led to something that... the Dutch have a word called stroperig, which means syrupy or molasses-textured, and that's what working felt like. You were just kind of trying to get through molasses [laughter] about simple things." Sub15 (162:162)*

Other issues included recognizing when/where decisions are actually made in each culture (in meetings, before meetings, at the espresso machine, etc.):

*"I've attended a number of meetings in Germany where people said 'was there a decision made in that meeting?' and I was like yeah yeah, sure there was, and they ask well when did it get made? What was the decision? ...so we British were just like, let's go round and round and round, and let's all have a collegial [discussion], and everybody have their opinion, and actually... the decision is already made before the meeting, and the Germans had no understanding of that, it completely passed them by, and they expected the boss to just tell everybody the answer, and why do we need a meeting in the first place because the boss just makes the call and tells everybody what to do." Sub1 (72:74)*

*"From there I came to [Company X] where there was another thing which is also relevant here. [Company Y] was an Italian company and in Italy, it's again different so many of the meetings that we had down there, in Denmark, we have a meeting and then we make decisions. They didn't do that, at least not in [Company Y], but I think that's generally, actually, because most of the decisions were made at the espresso machine." Sub12 (75:75)*

#### 4.2.4 Hiring

Fifteen of the interview subjects discussed cultural impacts in hiring, with a total of 20 quotations identified for this code. Several recognized, usually from past mistakes, their tendency to hire people who seem like a good fit with their own culture rather than the culture in which they will be working.

*"I think that this notion of recruitment, growing businesses in markets that are not your own, is very challenging, and because you do judge individuals based on your own experience and your own culture, you know what works within your own culture. Very successful companies find that very challenging." Sub1 (82:82)*

*"Both of us sat in the room and said 'Yes, they are brilliant. We should have those people.' It turned out to be disastrous on the worst possible scale... I think when you're in the process of going into a country, you desperately want to find somebody that you like and that you think you can communicate with, you sometimes overlook, you know, sort of fairly fundamental things like could they actually do the job? [...] It's very tempting to be sort of just absorbed by the idea of, 'Oh, that person would fit in at a company meeting.' And that, you know, that's great and that's really important but it's not everything. And I think you've got to be able to look for that and I think you also would understand, [...] if you meet with 10 people, you know, nine of them, you'd just think, 'Wow, this is really a struggle' but chances are, that's a culture of that country and the one that you do meet that you did get on with, then they'll just not work in that country because, you know, the reason you got on with them is, they are not from the culture of that country. And so that, you know that's I think is one of the toughest challenges that these people have when you're hiring somebody in China or wherever it is, that they have to be able to work in their culture as well as your own and they can be very, very different and it's hard." Sub 8 (222:260)*

*"I can speak to that partly because the source signals that people give off in the interview, I respond to a certain set of signals and there are things like attentiveness, the quality of questioning. [...] So I think part of my challenge has been in the interview, reading body language and presence and presentation and not misreading it." Sub20 (119:119)*

There were also references to cultural differences in accepted hiring practises, including attitudes towards relationship-based versus merit-based hiring:

*"I'm used to hiring the best candidates, that's what we do in the US as well. But no no no no. They have a nephew, a cousin or whatever." Sub4 (27:27)*

*"There have definitely been some instances where we were hiring or recruiting partners where the concept of ethics had different interpretations. It wasn't necessarily always based on corrupt practices for the sake of personal enrichment." Sub10 (54:55)*

Not included in the findings above, but related and worth noting, was a discussion by Subject #2. Hiring for maximum diversity is so much a part of his own and his company's multicultural personality that he can't imagine any other way of being. He doesn't see any challenges in hiring cross-culturally, because he values the differences. He admits to one prejudice: being more suspicious of his own culture. With all others, he assumes positive intent. He does, however, pay very close attention

when selecting candidates to whether they will fit in his company's organizational culture, which is built upon these multicultural values and intercultural competencies.

Likewise, Subject #17 focuses on hiring people who will fit his organization's entrepreneurial, creative, global culture. He views diversity as a source of creative energy.

#### 4.2.5 Ethical Issues

Ethical issues were discussed by 11 interview subjects, with a total of 18 quotations. Half of the instances discussed were in relation to dealings with partners and vendors and one-third were related to managing people. Other areas of business impact included dealing with government officials, negotiating deals, and differing ethical perspectives of executive team members or bosses.

This would appear to be an especially important impact area in dealing with partners and vendors in foreign markets, since many of these companies – particularly the “Born Globals” -- rely on partners as their means of market entry, and relationships are remotely managed.

*"I mean, there is a little bit... I wouldn't say bribery, but in some places they expect commission and they won't do anything unless you pay them a retainer. So in South America everybody wants to be having a retainer of ten grand a month [laughter] to do anything for you. And unfortunately one of my clients got burned by that. They paid this guy ten grand a month and he didn't do anything. So you do need to be very careful. We don't pay retainers; we pay based on results. Certainly there are cultures that are looking to do more deals on the side and that sort of thing and we've got to be very careful with our business to make sure that... you know, you can go so far and you pay people commission and referral fees and that's fine, but you don't want to be on the wrong side of it." Sub11 (222:224)*

*"Dealing with tribal heads and provincial ministerial heads, members of senate, this sort of thing, where it is their culture when they've accepted you as a person, as an individual, their culture is to basically offer gifts. If you're in their home area then their culture is to... they are your host. You know, you're the guest and basically you can't lift a finger and it's their honour-bound duty to protect you and make sure you're happy and well-fed and all this sort of... If you're not in their home area and they're coming to visit you and you've granted*



*them an audience and all the rest they bring you gifts. Now, there are issues around some of those gifts. How do you turn around...? I've had one case where a group came and they brought the best wishes of their tribe, which we accepted graciously, they brought a lovely bunch of flowers, which we accepted graciously, and they brought the title deeds to a piece of land in their town, which I couldn't accept..." Sub18 (241:243)*

#### 4.2.6 Internal Challenges

Of the 13 quotations identified for this code several seemed to be references not to the CEOs' current roles, but to past mid-level positions; so they are not necessarily directly applicable to answering the research question. However, the quotations do indicate that for some CEOs this is an area of impact. They encounter challenges in dealing with mono-cultural boards whose members may lack intercultural competencies, as well as in dealing with multicultural boards, where decision-making can be difficult. Other impact is seen where the CEO's culture is different to his/her boss (owner, chairman, etc.), and where investors lack intercultural competencies.

*"...each one [of the country operations] has got its own different identity. And so for me the difficult thing is... I took in a US private equity investor into the company about a year ago and they don't get that. They get: 'Well, this is how we're used to doing it and this is what my college taught me how business works so this is what we're going to do, aren't we?' And I'm going, 'No, we're not.'" Sub11 (13:13)*

*"That, for me, has been not only been a battle on the outside, but a battle on the inside of the company." Sub22 (194:194)*

*"I would say this is more an American problem than anything else because America is 50 percent of our business, and Americans [on the board] think they should have the final say on everything." Sub22 (299:299)*

*"But working with that group is to a degree still a challenge but it's a much more pleasant challenge, it's a much easier challenge. In the early stages there were two French people, and of course they were very, very French and they were very peeved that the association's language was not French. They wanted it recognised that it should be the second language of the association, although not a single document has ever been written in French. They didn't like the fact that the name CEO didn't ring true with them, so originally they wanted me to be the Secretary General. So then I ended up being the General Secretary, which was influenced by somebody who saw the association more like a union*

*than an association. So you get all these conflicting cultures around a table, and some people want to talk about it and some people want to get to the point, and as we all know it all ends up in a muddle." Sub28 (43:45)*

#### **4.2.7 Government, Regulatory, and Legal Issues**

Six of the CEOs discussed cultural challenges with regard to dealing with foreign governments, regulators or legal issues, for a total of 10 quotations. In some cases, it seems to be a source of frustration and resignation, because they feel there is no choice but compliance. References are made to cultural differences, particularly related to the importance of legal versus relationship in doing deals, as in the following quotation:

*"Yeah, here in the US, the US is very much focused on legal issues, and then it annoys me at times, when I do a deal with someone, whatever, I bought several banks here, you make a deal with someone, you have a deal, and then the lawyers get involved. And other countries where I worked, even in England, lawyers are supposed to work out the deal that you have done in the best possible way. Here, when the lawyers get involved, the deal starts all over again. And that is something I have to get used to. I know they have a quirky system here with the legal, and yeah, I find that very frustrating [...] it's a complete waste of time, and I have little respect for that. But here, you know that's part of doing business in the US. You have to go through it, go with the flow. That I find difficult. But also that the whole focus of legal stuff." Sub4 (52:52)*

Other instances described included legal frameworks for setting up operations, lawsuits, negotiating deals and contracts, and interacting with foreign government officials, as in this excerpt:

*"So I think coming in and dealing with governmental-level people, provincial and federal - and I've seen this in Africa as well as in Pakistan - you can come up against something that seems to be a complete nonsensical approach. Because common sense to us is different to common sense to some of these guys with a different cultural basis, a different level that they're starting from." Sub18 (143:143)*

#### **4.2.8 Change**

The data yielded eight direct references across five CEO interviews to cultural challenges when dealing with organizational change. For one of the subjects, it is an

ongoing challenge with high stakes; his industry is in decline and he knows that substantial change is needed to ensure survival. For two of the subjects, change management was the career path that led to their current roles, so they had a deep understanding of how to accomplish change within their own cultures before encountering the added intercultural challenges. They quickly understood that they would not be successful simply following their previously successful patterns. They specifically referenced the need to build trust in order to influence people to change, the need to understand cultural differences in decision-making style, cultural differences in attitudes toward work, differences in communication style (and deliberate use of that to resist change), and inability to get good information/feedback.

So while only 20% of the CEOs interviewed identified this area as a specific area of challenge with regard to culture, for those that did the stakes are very high and they recognize that their success depends on their intercultural competencies.

Further queries of the data discovered that there were no instances of this business impact area applying to companies of less than 15 years old, so change may be more of an issue for 20<sup>th</sup> Century companies than younger ones.

#### **4.2.9 Mergers & Acquisitions**

There were a total of seven mentions of mergers/acquisitions across six interview subjects; however, most were discussing experiences in the past, prior to their current roles as CEO. This would indicate that although the CEOs who have experience in M&A do perceive that culture has an impact on M&A success and that failures are extremely costly, it is not a significant part of the current business strategies of the CEOs in the sample.

#### 4.2.10 New Markets

There were eight quotations across five interview subjects coded as relating to entering new markets, but almost all had co-occurrences with the code for BI-decision-making. So it would seem that while this is an area of importance, it could be viewed as a subset of decision-making. In one narrative, the entrepreneurial CEO of a small consulting firm describes the steep cultural learning curve he faced going into his first foreign venture. Other narratives in this category described mistakes and failures, often in the ability to adapt their product or service to a new culture. Overall, the narratives associated with this code were not rich in detail or insights. This may be because of a reluctance to dwell on what the subjects perceive as serious failures. One possible recommendation for future research would be to do more in-depth exploration of some of the failures.

*"...and we opened our office in France and we made every mistake known to man." Sub8 (57:57)*

*"I was with the company when we opened our first international [operation], which happened to be in Sydney, Australia, and the senior executives - I was General Manager at the time... We replaced the General Manager of Sydney, and the thought process was, 'Well, it's [our brand].... We're going to transpose that and put it in Sydney, Australia.' And we failed. I mean, we failed in the implementation in that culture because it was seen by Aussies as stuffy and insensitive." Sub13 (33:33)*

*"Remember, we have a Western product, so one of the things we had to do is customize the product for local tastes. That, for me, has been not only been a battle on the outside, but a battle on the inside of the company." Sub22 (194:194)*

#### 4.2.11 Partners and Vendors

This impact area yielded seven quotations across seven CEO interviews, and many of the narratives were lengthy and descriptive. Issues raised were similar to those in BI-managing, and this may possibly mean that it makes sense to treat this as a subset of BI-managing rather than as a stand-alone category.

Further analysis while looking for any differences in patterns between 21st Century and 20th Century companies revealed that six of the seven quotations for this code were from 21<sup>st</sup> Century companies (less than 15 years old).

### **4.3 Intercultural Competencies**

Research Question 2 dealt with which intercultural competencies are most important for CEOs of global companies, which are most likely to contribute to success or failure, and whether the competencies required are different for "Born Globals" than for 20<sup>th</sup> Century multinationals.

The data analysis process to answer Research Question 2 began with a combination of open coding and the use of codes that emerged from the pilot study, so at the end of the first round of coding, a number of additional codes were added to the IC code family. However, further analysis of the code list revealed that few of the new codes had more than a small number of quotations and each of the new codes could be combined with one of the previously identified competencies. For example, there were a number of quotations initially coded "IC-chameleon" based on the subjects' use of the word in describing their approach. Examining the code list and re-reading each quotation showed either they were either also coded "IC-adaptability" or should be, so the codes were merged.

In addition to codes that indicate where competencies were evident, additional codes were used to indicate instances where a specific competency was clearly lacking (based on the perception of either the subject or the researcher, or both).

In total, the data revealed 351 instances of competencies evident or lacking across all 28 interviews. Figure 4-b below shows the groundedness numbers (total number of instances in the data) for each IC code (combining codes for competencies evident and

lacking). A sampling of quotations for each code is provided in the following subsections.

Figure 4-b

Intercultural Competency	Groundedness
Adaptability	72
Cultural Self-Awareness	58
Cultural Sensory Perception	120
Global Perspective	26
Open-mindedness	75

#### 4.3.1 Adaptability

Adaptability, as defined here, is the ability to change one's behaviour, communication style or business strategy as needed to fit the circumstances (Gibson, 2011). A total of 72 quotations were coded identifying the presence or lack of Adaptability.

Many of the quotations show the subjects' metacognitive awareness of the choice to adapt, as in these examples:

*"So I think, you know, I think you - you to a certain extent you know, manage in lots of these instances, especially in people-based businesses you know, I think you tend to sort of morph a little bit of your culture towards whatever culture you're in." Sub7 (587:587)*

*"You don't have to compromise on the outcome but you certainly do have to adapt the way in which you work in that given environment, no question. No question. Because I act differently here than I do in Africa, than I do in Australia, than I do in Asia, than I do in Europe." Sub13 (225:231)*

*"Well, what I'm trying to do is to adapt myself to the culture of where I go. When I go to Argentina I try to feel myself Argentinian." Sub16 (185:185)*

*"You're absolutely going to have to adapt and change some of your style in order to do that. You've got to be someone that's really adaptable." Sub21 (99:99)*

*"I would choose a different style depending on where I am." Sub22 (259:259)*

*“So, in that sense, I was already in quite a lot of situations where I don’t have the experience, so I come in new. I have to quickly adapt and learn the basics to understand them and I try to influence them.” Sub27 (40:40)*

Other quotations were coded based on the researcher’s interpretation of the subject’s behavior as recounted in a narrative, as in the following two excerpts:

*“I’ll never forget when I went to Singapore for the first time. [...] We had a board meeting in Singapore in this big boardroom. Of course it was all Asian. And then my counterpart, who’d looked after Europe, [...] he and I went into the meeting. No western guys, you know. We came in. There’s twenty people at the board table and [Mrs. A] walks in. I mean, it was like you could just drop a pin in the room. [Mrs. A] was in the room. And we started the board meeting and we were talking about our various business units and entities [...] and I was challenging her on something. It was like Oh my God. Okay, there’s a good example of where I probably should have kept my mouth shut. Because you don’t talk... you don’t challenge... And I wasn’t being disrespectful or talking back in front of her peers, or subordinates for instance, but I challenged her in a public forum. And you don’t do that. I mean, I learned very quickly there. [...] You just didn’t do it at that boardroom table. So we learned and we learned to manage it differently. And we had pre- and post-meetings to discuss it, so she knew what to say and we knew what not to say and we would agree with what was said. A perfect example of how maybe I learned in doing business at that level.” Sub13 (319:343)*

*“In Finland, it’s very difficult because they have no body language so you have to really pause, let them say some things and then you see if they’re getting you or not. If they’re taking you wrong or whatever. Patience is not one of my strong suits -- but strategic patience is. I’ll say something there, wait, watch and allow them time to say something. It’s a bit different in Finland but most other places; it’s all about body language. It was in Japan and China too. They get harder to read because it’s not necessarily your own body language.” Sub21 (95:95)*

#### **4.3.2 Cultural Self-Awareness**

Cultural Self-Awareness is defined here as an awareness of one’s own cultural influences, tendencies and biases, and awareness of how one’s own culture may be perceived by members of a different culture (Gibson, 2011). The data yielded 58 instances of Cultural Self-Awareness.

Although this competency often co-occurred in the data with other competencies, some examples seem to demonstrate that awareness alone is not enough. The first

quotation below is one such example, where the subject seems aware of her lack of

Adaptability:

*“And I still consider myself frankly a blundering American, I really do. I mean, I’m not suave like my daughter is or my husband. They have a radar and a subtleness to their personality that fits in more places. My personality is big and it’s hard for me to get small and that is counter-cultural in some places. It’s just counter-cultural. So it’s interesting. So I do still see myself like a bull in a china shop even though I have a little tutu on [laughter].” Sub9 (464:464)*

In contrast, the following example shows Cultural Self-Awareness co-occurring with

Adaptability and Open-mindedness:

*“So for me it was very clear from the beginning when I got into that role, that I have to be very very non-German in order to achieve respect, and in order to achieve that people think that what I’m doing is the right thing. [...] I’ll give you two examples. First of all, Germans are very direct. Which is not a bad thing, as long as you talk German to German. If you talk German to British people, it can be difficult, because British people tend to be a bit more I shouldn’t say complicated, but around two corners before they come to the point, Germans don’t. Typically if Germans come to a multinational conference, they put their paper on the table and say I have a result. Which is unfair to the Spaniards, which is unfair to the French, which is unfair to somebody else, because they first want to make small-talk. And want to create an atmosphere where you can talk about results. Germans are not interested in atmosphere, they have a result and they want to say I have a result believe you me, it is right. Another example is a German engineer, and this is what probably makes it so difficult for technical joint ventures, a German engineer who has one year to create a certain result, and you have an American engineer who has exactly the same timespan to create a result. What is the difference? A German engineer will wait and wait and wait and he will think and rethink and turn it around and then in approximately nine months’ time he might go to his superior and might say are you interested to see what I have developed so far, here is what my result is, running the risk that the superior is saying that’s not sufficient enough, so then he goes back, makes the necessary changes and after one year he has a result. So he presented once. The US engineer after two months totally enthused is going somewhere and is presenting what he has achieved so far. The result is that the people say oh, well done, but it’s not sufficient enough, ok, two months later, he’s coming back, so he’s presenting his results at much shorter time intervals. And the German one who is thinking it through and trying to come as close as possible to the closing date and then makes his first attempt. So these are examples of what a typical German and a typical American are doing. And you can’t change that. Because intercultural training is not to stretch or bend or change someone’s personality or culture, what is intercultural training for most is to make them understand what the common things and what the differences are in order to make sure that the German engineer is not laughing about the American, and the American is not wondering about the German. They should work together in order not to make time longer, and to work together more professionally.” Sub3 (39:42)*



### 4.3.3 Cultural Sensory Perception

Cultural Sensory Perception is defined here as the ability to recognize when cultural differences are in play, utilizing a range of senses to spot verbal and non-verbal cues which may differ greatly from those of one's own culture (Gibson, 2011). This competency was by far the one most frequently occurring in the data, with 120 coded instances across 27 of the 28 transcripts. A number of common themes emerged, which may provide additional insights.

In instances coded as lacking Cultural Sensory Perception, quotations tended to reveal stereotyping towards a culture, identifying behaviour in negative terms such as rudeness or corruption. This may indicate a link between this competency and Open-mindedness (i.e. in order to achieve the intercultural competency of Open-mindedness, it may be necessary to first develop Cultural Sensory Perception). This will be explored further in Chapter 5.

The first two examples below are quotations coded as lacking this competency. It should be noted that due to the nature of the interviews, often dealing with past experiences, evidence of a lack of a given competency within a quotation does not mean that the subject currently lacks the competency. In fact, in a number of transcripts, there are incidents of both competency and lack of the same competency.

*"You know it's funny when you first said the word conflict the first that comes to my mind is that there's almost none, no visible conflict. In fact, we're, ironically, in the position of wishing that there were some conflict because at least we get to confirm the reading that we were somehow hitting the target. So very... in business, almost no conflict. What we get is very... what we would consider in the US passive-aggressive stalling and passive-aggressive... it's conflict avoidance in very creative ways." Sub20 (207:213)*

*"My worst experience, I don't know if it's a cultural thing, but that was actually in Holland, I think it was in Rotterdam, we pitched on a piece of business for [Company X] by the way and I hate to say this but I sometimes think that*

*Americans can be very rude, that might be a bit strong. There was the American Head of Communication in [Company X] and one thing was that she might not think that what we said was the right thing, she would just be offending but I am never gonna see them again so who cares? But she was actually rude in the meeting. And everything we said was wrong and could you just move on? And the way she acted was so less friendly and bad behaviour actually. Because people flew in to this presentation and if you don't think it's good, you could just let it go. You could at least behave yourself in that hour or so. So I think that was way over the limit. And I think actually we won a piece of her business and I said to my colleague from Switzerland 'you can do that, I am never ever gonna work for that company.'" Sub24 (76:76)*

A number of instances made specific mention of paying particularly close attention to non-verbal signals in body language and facial expressions:

*"It's a combination of both but it's probably more body language, because you can see when somebody's closing themselves off to you." Sub13 (303:303)*

*"It's all in how do you read their body language, how do you repeat the words and everything like that. Because everybody's responses are kind of different but if you know you're dealing with that and you know there's some hesitation in responding because you know that that person's going to talk to this person before they open their mouth because they have a sense of doing things together versus in isolation - unless you get really to the CEO or the President where in Asia they make their clear decisions." Sub13 (317:317)*

*"And I was very disappointed, I said look, my God, they say yes they understand it, and the answer is no. But then you learn that yes in Japanese means "I hear you" not "yes" as we know it. But it doesn't mean they understand it. That was my first big experience with cultural differences. And then you learn, their body language says something completely different than what they mean, so how can you start picking up on it, you focus on it, and from there on it goes a little bit better, though still ups and downs. But I had very interesting experiences and I find that cultural difference is the most interesting part of my job, to be honest." Sub4 (49:50)*

*"I think I spend a lot of time in new situations like that trying to look at reactions of people and see how does that play back, facial expressions." Sub1 (56:56)*

Others think of it as sensing, without specifically identifying how or what they notice that indicates possible cultural differences:

*"I think most of the time I've relied on the sensing capability." Sub1 (60:60)*

*"I think my brain has gotten very perceptive over time. So now, normally I never read things, like I don't ever -- what I do is, I get into a situation and then I guess I study the way that people act and very quickly I'm able to perceive that that's -- I think the way it's going to be." Sub7 (273:273)*

*"Nobody ever told me in Sweden they are a consensus-building society but it took me one month to observe how the company was running and how people do things to understand that that's the way to get people, you know, let them speak and then move on." Sub7 (275:275)*

*"At the end of the day, I think the best way to go is to have people in those positions who just have great receptors. They may not have all the answers, they may not have all the behaviours but there are people who are receptive toward signals and there are other people who don't see the same signals. Knowing how to select the right people for those types of situations I think is key." Sub10 (67:67)*

Several quotations pointed to the possibility that this competency may be missed when the perception is that the cultures are fairly similar.

*"First of all to anybody who goes abroad, before you go you need to realize in what kind of culture you go. Even if you go from Holland to Belgium or to France or Germany. Maybe all the more so, because it's less obvious." Sub4 (110:110)*

*"I think there is a danger in not recognizing cultural differences that you could make some serious gaffes even within Europe and even in business where most people you will be dealing with do speak English particularly in Holland, Norway, Sweden, Finland, maybe less so in parts of Germany and France but I think you just need to -- and I do think that while you don't necessarily need to go through cultural sensitization, I do think it's worthwhile reading up some of the cultural norms." Sub5 (203:205)*

The word "listen" was frequently used throughout a large number of the interviews and, in particular, as this quotation shows, listening is perceived as important for picking up on cultural misunderstanding:

*"I suppose my starting point is that whatever I say people are going to misunderstand [...] so remembering first of all, it will, whatever you say is almost certainly will be misunderstood so it requires exploration and particularly when you're operating across many cultures. But also give them space for other people to tell you. I think one of the most important things is actually listening for that cultural misunderstanding or that failure to quite connect and be prepared to pause when you hear it." Sub6 (144:146)*

Although this subject, who is multicultural, multilingual and has extensive experience working in foreign countries, uses his sensing capabilities to spot a potential cultural issue, his frequently-used strategy is to probe (often repeatedly and over a period of

time) for more information in order to understand and learn, as can be seen in the following narrative:.

*“Now, another example, we had quarterly management meetings where I would invite -- I was reporting to the CEO, so I would invite the CEO to come into Germany and I would sit it with my team and we would discuss the results of the quarter and then our plan for the next quarter. We were you know, a public company, we operated on our quarters and so the Israeli coming in, full of emotion and confrontation and the German team, you know, not -- can't respond to that, doesn't even know how to respond to that and then me their leader. And so I -- it was difficult to sort of reconcile the two cultures and I remember the CEO was challenging me on something, on a specific business issue and I can't even remember the issue now but what I remember is, I didn't feel comfortable talking about it because it would've forced me to disclose certain things that I didn't want to disclose in front of my team. So in the face of the CEO, I looked a little bit withdrawn and the German colleagues felt very uncomfortable with that because I am supposed to be their leader. Even though they respected him as the CEO, I was their boss. And you know, after that meeting, there was a lot of discussion in the place about the fact that maybe we don't have the right direction in Europe and maybe we are not, you know, maybe -- they didn't say [it directly], but maybe you know, maybe the leadership of their organization isn't able to stand up for what we believe is right and so -- and I only found out about it just by perceiving people's attitudes that they were a little defeatist almost after. And then there's this -- this sort of negative feeling that's pervasive and so I remember like two or three weeks later, I called a follow-up meeting, as I always do after to see where people were in their deliverables and things that we decided we would do after the meeting, I'm very big on accountability, making sure that we have a meeting and we do something afterwards and I remember talking about it and one person said to me, “You know, we don't really agree that we should have done that. We don't understand why you didn't fight for that.” And then we had a very interesting discussion about how the expectation is, you want a strong leader and those Israelis shouldn't be telling us what to do. And so I learned through German -- I learned in Germany that, it's very important how the people in charge appear in front of other people, especially when their organization is present. It was all about appearance and where -- you know, after living in California for several years and coming from the start-up area, it was never about that, it was always about rolling your sleeves up, getting the job done, it doesn't matter what your title is, everybody pitches in. Here it was a very ritualistic, rigorous -- and that's how German society runs.” Sub7 (399:417)*

A number of the examples provide evidence of this competency's importance in cross-cultural negotiation, as can be seen in these two quotations:

*“I can remember a couple of instances. One was frankly in my home country Germany where I think you have to be very careful coming into a negotiation with an American mind-set of, to put it probably over-simplistically, of total flexibility that almost everything is up for negotiation. The German mind-set is a much more principled mind-set and then that might sound desirable at first sight but it really isn't when you consider that some of those principles might well*

*lead to the inflexibility of the mind. So I've had situations where we thought that certain terms were up for negotiation when they were offered to us and when we pushed back on those terms, the negotiation was cancelled in the expectation that we should've known that this was the standard offer or the best possible offer and hence, it is not negotiable. So even with me being German, I was kind of blindsided by that." Sub10 (41:42)*

*"And doing deals and transactions we do at every different level, whether it's a hotel deal, whether it's a purchase of some merchandise or products. You can't look at it as: Look, they don't trust me or they're trying to screw me. It's a different way - the art of the deal so to speak. And if you know how that works and if you're sensitive to who's on the other side of the table with you and you understand body language and you're culturally sensitive to how to treat them at that level it works. It's magical how it really works." Sub13 (111:111)*

#### 4.3.4 Global Perspective

Global Perspective is defined here as viewing the business from a transnational perspective rather than as "domestic first, rest-of-world second" (Gibson, 2011). The data yielded significantly fewer examples of this code than the other identified competencies, with 26 quotations across 15 interview subjects. Further analysis reveals little difference based on variables such as Born Global versus traditional, company age or number of years operating globally.

*"To give you an example, when we passed, for the first time, the cap of ten employees, we decided to write down on paper our company values, what it was we stand for as a business, and one of our key investors was there and so we all wrote down different things and he said "how about global", he said you guys have like five different nationalities in a team of ten, and you speak x number of languages, and it didn't occur to any of us that this was of value, it's kind of in our DNA, so it was just hard to really verbalize what he was talking about." Sub2 (3:3)*

*"Obviously as an international organisation with the bulk of our business being outside the U.K. and with the vast majority of our staff being non-British and non-native English speakers, the ability to operate interculturally and cross culturally is absolutely at the heart of what we do. I think it's worth also saying that as an organisation our very raison d'être is to establish cross-cultural relationships between this country and other countries so at the most, at its most simple, it is right at the very heart of what we as an organisation think we're about and should be doing." Sub6 (92:94)*

*"It creates room for people to introduce a different way of doing something, something that you would not have thought of, something that you know,*

*sometimes you feel a bit uncomfortable but you know, it's -- I don't know, I was always one of those people who... I love to travel, OK, so I enjoy the going to different cultures and I've never assumed that the culture I'm in is the best culture, if you like. I've always assumed that there is something there to be, you know, that will benefit me, wherever I go even, and the more uncomfortable it makes me feel, the more I feel like I'm getting out of it." Sub8 (420:420)*

*"Our way of working is we are a small multinational. No, not multi-national, multi-global." Sub17 (399:415)*

#### 4.3.5 Open-mindedness

Open-mindedness is defined here as the ability to suspend judgement based on one's own cultural biases and accept that other ways of thinking and behaving may be just as valid (Gibson, 2011).

The first quotation provided below was coded as lacking this competency. Even though the subject began the statement with an admission that her own cultural norms allowed for "little white lies", the rest of the narrative seems to demonstrate an unwillingness to even examine the issue from another cultural point of view. Ethical issues may be more likely to trigger this type of response.

*"It's lying. I know I'm a very principled person and everybody goes to the edge of the little white lie or walking around the truth, right? I've had a situation where I found out that a colleague at the Executive level -- it was just out-and-out lying. I went to this individual to -- because I was having issues with some of the people in that country and so I said 'I really need your help. I think maybe it's cultural, I need your help.' He told me point blank, 'well, just lie to them, tell them what they want and you go off and do your own thing, that simple.' That's not who I am. He said, "yeah, but it's part of our culture, we do it all the time.' I was blown away because it's just -- if you can lie about this then what else are you lying about in their financials or your business or your projects or whatever. I'm completely taken aback and I will not do that. I don't care whose culture it is, I will not do that." Sub21 (106:107)*

Likewise, some quotations show that deliberate attempts to remain open-minded may cause discomfort or strong emotion, especially with issues that challenge deeply held values:

*"It's uncomfortable for me. But that's because I was raised this way. I also respect the fact that if you are raised in that culture it could be uncomfortable to jump into another culture. So you need to respect. There's got to be respect for where people are. I would never say that the caste structure is wrong. In some cases I think human rights people will say it's wrong. It is. It is. And if there's adaptations that have to be made for human equality then they have to be made, but, you know... I don't know. I obviously am not totally clear on that."* Sub9 (458:458)

*"Equally, no way that I'm agreeing with apartheid, but it was understanding the values each of the people concerned, as I say, the tribes, the back story of nationality, whether that was the Dutch or the Afrikaans, there were religious values that we don't think about because again still with my European head, the fact that the Afrikaans were a group of white settlers who in a particular battle prayed to God that if they were meant to be there [sighs, chokes up momentarily] sorry, I don't know why it gets me emotional... if they were meant to be they'd win that battle and they did. So they felt they had God's right to be there. Equally that they were in areas that were not occupied so therefore they felt they could be there because it was free land, not homeland. So what they were doing they didn't feel was wrong. Forget Boer War, forget other Europeans things, they just felt much as the white Americans that they had the right to be there because they strived to be there. So that actually to work there, fortunately this happened in the first few months, and one had to start to understand and respect the different values that if one is working with [an American company], that the people with whom I'm working had completely different views and values and they have different lives outside of the office from each other even though they were sharing an office and working together but they had diametrically opposed lifestyles and values with those lifestyles. And that taught me a big lesson."* Sub23 (14:14)

This unique approach of one subject to evaluating job candidates provides a strong demonstration of Open-mindedness in action:

*"Yeah, so when trying to create a pan-European team, and the interviews that we held, we were very clear that we needed to ensure that the interview panel was not just Brits. And actually sometimes, if we had a candidate that was struggling to respond to a question, actually, we would just get them to respond to a question in their own language. Even though none of us on the panel had any understanding of the language. Because people would completely transform their personalities. We did that once at a conference where someone had to stand up. So first of all he did the presentation in English, and then we asked him to repeat it in his native language. And the confidence and passion that came through when he did it in his own native language was completely invisible when he did it in English. So we knew what the content was and then we got it the second time with his passion and commitment to it. It was just fabulous. He raised the roof, really. We had no idea, we couldn't understand the second one, actually we knew what it was, but this person had a completely different personality. And it was hugely impactful for a lot of people that had not had the experience of working in other countries, to see... and all the sudden you think "wow!" You know, when we're not comfortable in another language, we're quite reticent, and I think it does change the way we're perceived."* Sub1 (76:80)

A number of the quotations reflect an attitude of assuming positive intent, giving people the benefit of the doubt rather than jumping to judgement:

*"What I would say is that my attitude is that, because I've been to so many different places, by default, I would assume that people have the best intentions, so if for some reason there's a disconnect, I would assume that they're coming from a place that I just don't understand. And that's it. It doesn't change the fact that whatever problem we're dealing with needs to be resolved, but I'm not going to put intent behind whatever thing people are thinking or doing. So I don't exactly know when but I know that when things like this happen, my natural reflex is to focus on the issue at hand, resolve that, and not try to second-guess where people are coming from." Sub2 (23:23)*

One subject's account illustrated the importance of this competency when working in developing regions:

*"The local community appreciates that when we were there we listened to them and we addressed the issues that they brought to us. You don't get that unless you listen to them. Put yourself in their position. Somebody comes into your house and they say, 'Hi. You've got a nice house but you know what? Your fridge isn't big enough. I'm gonna buy you a big fridge. I'm gonna buy you a great big fridge.' And they go away and they bring it and they put a great big fridge in. And you said, 'Well, that's great, but I won't use a fridge. What would I want a big fridge for? And who the hell are you to tell me that my fridge is...? I spent a long time looking for that fridge and I like that fridge. Who are you to tell me that's not good?' And if you look at it like that... You know, education... They may have what we consider to be a poor education system, but if it's the only thing they've got, they've spent a lot of time building that little mud brick building, and you come in and say, 'Oh, this is rubbish. Bulldoze it and build a new one.' Well, hang on. Community pride went into building that in the first place. Can you not expand it? Can you accommodate it into the new building? Can you use it as part of the thing so that there's a link? It's just humanity. Basic humanity." Sub18 (301:305)*

Finally, Subject 21, whose quotation was used at the beginning of this sub-section to illustrate a lack of the competency, in the following quotation demonstrates an appreciation for its importance:

*"I think one of the last things though, I will say because this is one thing that I say a lot now to my team is you have to appreciate where other people come from. It does not have to become who you are. You don't have to change yourself, your style, your approach and all that kind of stuff -- or your belief system for somebody else's culture. You must appreciate that there are differences and people act from different places culturally. You just need to appreciate that. I use the word appreciate a lot because it means -- appreciate*



*to me means “oh great! I understand where you’re coming from. I appreciate that that’s how you are. Period. No but, right? It’s just a period. It’s appreciation of that individual and that culture. That’s huge.” Sub21 (112:112)*

#### 4.3.6 Associations

To answer the research question regarding which competencies are most important to CEOs, analysis included examining whether the data provide any evidence of intercultural competencies in relation to the identified business impact areas discussed in Section 4.2. This could be done utilizing the capabilities of Atlas.ti to look for instances where different codes occur together or adjacently. A co-occurrence query of the data revealed 89 instances where data coded with one or more of the Business Impact areas co-occurred with one or more competencies. This indicates that in those areas which CEOs perceive that culture has an impact on accomplishing their objectives, intercultural competences are needed.

Further analysis reveals that some competencies may be more important to specific areas. Figure 4-c below is a co-occurrence table showing the associations between competency codes and business impact codes. The numbers in the chart indicate the total number of co-occurrences in the data of each pair.

Figure 4-c

	Adaptability	Cultural Self-Awareness	Cultural Sensory Perception	Global Perspective	Open-Mindedness
Change	4	1	2		1
Conflict/neg	7	2	9		2
Decision-making	2		6	2	1
Ethical issues	5	1	4		4
Govt/reg/leg	3	1	4	1	2
Hiring	1	4	2		1
Internal chall.	1				1
M&A	1				
Managing	13	2	19	1	6
New markets	1				
Partners/vendors	3	1	2	1	2

So, for example, the code for Conflict/negotiation co-occurs frequently with codes for Cultural Sensory Perception and Adaptability, and to a lesser extent with Cultural Self-Awareness and Open-mindedness. This makes it possible to theorize that these competencies may be essential or useful in that business impact area. Likewise, Open-mindedness appears to be most called upon in the areas of Managing and dealing with Ethical Issues. These findings will be discussed further in Chapter 5.

#### **4.3.7 Analysis of Variables**

Analysis included cross-comparisons filtering by some of the demographic variables captured in the Background Questionnaires. Overall, the small sample size and the heterogeneous nature of the group makes this type of analysis unsuitable. However, it did yield some additional insights that may help to answer the research questions.

##### **4.3.7.a Born Globals**

Data from the Background Questionnaire was analysed to determine if the needs of “Born Globals” differ from those companies that followed the more traditional pattern of international expansion. Fifteen of the 28 companies in the study fall into this category, which is defined as having begun operating outside their home country within three years of start-up. Company age ranges from 1 year to 78 years. Twelve of the 15 have been operating globally for less than 15 years. They range in number of employees from fewer than 10 to more than 7,000, but most fall into the range of 10 to 1000 employees. The number of countries in which they are operating ranges from fewer than five to more than 100. CEO ages among this group range from 38 to 67, with only two younger than 40 years old. Average time in the current role was 6.88 years. All speak at least one additional language, and the average for this group was 2.35 languages in addition to their native language. Average number of people reporting directly to the Born Global CEOs is 8.15. For all except three, at least some of

their direct reports are of different cultures to their own, and for three of those, more than half their direct reports are of different cultures to their own. Only one Born Global CEO had never lived outside his country of origin.

In analysing the data to look for commonalities or differences between Born Globals and the rest of the sample, another possible way of viewing the sample emerged. Rather than categorizing based on length of time from start-up to operating globally, it appeared to be more useful to explore differences based on when they began going global.

#### **4.3.7.b Millennial Globals**

The data was examined comparing those companies operating globally prior to 1999 (referred to here as Traditional Globals), with those who began within the last 15 years (referred to here as Millennial Globals). Although similar in some ways to the profile for Born Globals, this categorisation seemed to more effectively capture the differences.

22 of the research subjects fall into the category of Millennial Globals. Company age ranges from one year to 140 years, with the average being 31.32 years. They range in number of employees from fewer than 10 to tens of thousands, though the majority have fewer than 100. For the majority, less than 5% of their employees are located outside the home country. About half the Millennial Globals group are also Born Globals. The number of foreign countries in which they are operating is fewer than 100 in every case, and the majority are in more than five. All four of the female subjects are CEOs of Millennial Global companies. CEO ages among this group range from 38 to 65, with only one younger than 40 years old. Average time in the current role was 6.9 years. Three subjects in this group speak no additional languages, and the group averaged 2.35 languages in addition to their native language. Average number of people reporting directly to the Millennial Global CEOs is eight; about one-third have no

direct reports from a culture different to their own, and four of them lead senior teams where more than half are of a different culture to their own. Three of the CEOs in this group had never lived outside their country of origin.

In analysing differences between Millennial Globals and Traditional Globals in terms of areas of business impact, it appears that Millennial Globals may experience more cultural challenges related to ethical issues (every instance in the data coded BI-ethical issues is from a Millennial Global) internal issues, entering new markets and working with partners and vendors.

No significant differences were found in the data with regard to intercultural competencies. Comparisons with regard to development methods revealed that both training and reading are less favoured by Millennial Globals than Traditional Globals, and that relationships may play a more important role for them.

#### **4.4 Development Methods**

Research Question 4 focused on the question of whether intercultural competencies can be developed and, if so, how they are best developed. To answer this, the study explored the CEOs' own perceptions about how they learned those competencies they have. In the interviews, the researcher paid particular attention to any reference to learning, insights or development, and followed up with probing questions as to the source (i.e. "How or when do you think you figured that out?" or "Was that something you learned or did it just come naturally?"). Additionally, the concluding questions, regarding what they would look for when replacing themselves and advice for others hoping to develop similar skills to their own, were intended to elicit these perceptions.

In total, 268 quotations were coded indicating development methods. Figure 4-d shows the number of occurrences of each code. The top five will be examined

separately below, including an extensive number of quotations, because insights can be gained from the richness of the narratives. The rest, which tended to be briefer mentions providing little detail, will be summarised.

Figure 4-d

	Occurrences
Dev-work/live abroad	50
Dev-mentoring/coaching	49
Dev-relationships	39
Dev-travel	31
Dev-diversity	20
Dev-reading	18
Dev-training	14
Dev-language	13
Dev-Anti-expat	10
Dev-mistakes	10
Dev-outsider at early age	6
Dev-study abroad	4
Dev-formal or self-assessment	2
Dev-motivation - personal desire	2
TOTAL:	268

#### 4.4.1 Work/Live Abroad

Only four of the 28 CEO subjects had not lived abroad at some point in their lives.

Many had lived and worked in multiple countries. Many of the quotations discuss the insights or skills they gained from the experience, and how early experiences helped them in later experiences dealing with different cultures. Most believe it is essential to success in a global leadership role. In fact, one subject who has never lived outside his home country, when asked what traits he would look for in hiring for a position similar to his own, stated that he would require experience living abroad:

*"It might sound unfair, because I told you that I personally have never lived in any country other than Germany, and therefore it might sound vain. However, if I would be in a situation to hire someone, I would look at the point that he has lived in other country or countries, probably not necessary a multitude of countries, but simply the fact that he had been somewhere else will give an*

*indication that he has certain feeling on what is important. So I would never have under this, I know, but I'm no longer in that situation, and I will never get in that situation. So I'm lucky." Sub3 (54:55)*

*"If I would be in a situation to hire someone, I would look at the point that he has lived in other country or countries, probably not necessarily a multitude of countries, but simply the fact that he had been somewhere else will give an indication that he has certain feeling on what is important." Sub3 (55:55)*

*"I think it comes down to not just having worked internationally but really having lived internationally. I don't think there is any substitute for that." Sub16 (313:313)*

*"I think what I did is to spend time around the world. For understanding the Argentinian guys you need to live here for a while. I think that's the only secret." Sub17 (475:475)*

*"When I started my career I graduated in the UK and my first proper paid employment was a contract in Africa. And in the eighties there was no such thing as cultural awareness training in Africa. It was more or less sort of a sink or swim type of thing. But you were starting at the bottom of the barrel." Sub18 (115:115)*

*"Most of my earliest experience has been in projects where quite often you're physically living together - you know, you're in a camp situation. You've got maybe a hundred people living together for weeks at a time in that environment and so there are more opportunities perhaps to socialise with badminton, squash, football, whatever it is, outside of the work, and it's often in those situations that you get more opportunity to cross that cultural boundary." Sub18 (167:167)*

*"Being global means being in their shoes whether it's an expat assignment, understanding it from their perspective, understanding in a different language, which Americans don't do. Whatever it is, you can't be truly global unless you live in all of that. You really do have to live in it. I've done international and global work my entire career, but once I've lived over here and had this team -- completely different. The leading is much, much different as well." Sub21 (60:61)*

*"I think overriding that, you need someone who's lived in a few places who has a broad understanding of how different it can be. I look at people in the Australian office who have only lived in Australia and in the London office who have only lived in the U.K., and they have a much narrower view of the world, a quite inward looking view of the world compared to people who've lived other places. I think people who've touched other cultures and other working practices are much stronger characters for this kind of job than someone who has been in one place only." Sub22 (315:315)*

In some of the quotations, it is possible to see a direct link to a specific intercultural competency as in the following two, which include Cultural Self-Awareness and Open-mindedness, respectively:

*"One is it's amazing to view Britishness, as you see Americans outside America because you're not living there. You see them in a different light. That's, you would therefore understand, being British in a foreign country and looking back at this island race. [When I first saw that was] ...6 to 8 months into working. I started the contract at the end of 1998 so well into mid-1999 I started to actually, because I was working from Belgium dealing with the English and mainly English rather than British, and it was just fascinating. And some of that was positive, some of that was negative. I even found myself saying 'the bloody English, they don't understand what we're doing.'" Sub23 (34:36)*

*"Being overseas and having lived in Spain 14 years certainly helps because you are more open-minded to other cultures. You don't judge everything from your own perspective." Sub25 (38:38)*

One subject pointed out that experience living abroad may not always result in the development of intercultural competencies:

*"I think it [living/working abroad] helps a lot but I have also seen examples where it's done the opposite. So, say, you get your prejudice fuelled or you want to see what your prejudices are and then you only see that and then you get confirmed in your prejudice and then you're even worse when you come back." Sub26 (625:627)*

In fact, the data yielded a related theme, which was coded as "anti-expat", with several references disparaging the common practise of living in enclaves of expats:

*"I despise the expat communities around the world, especially in countries where expats have to find their own herd in order to feel comfortable. I can't stand this. I just run as far away as I can from expat groups. I spent eight, nine years in Boston, never got to a single French expat meeting, nor do I see the point of doing it. It's much worse in countries where the expat communities are smaller and the culture differences are smaller, like in Africa, like in Thailand. Anyway, so the challenge is for me, if I can't relate culturally, if I can't relate from a language standpoint to people, what else?" Sub2 (19:19)*

*"I'd look for a fascination with the other, certainly for me I look for you know, does this individual have not just international experience because I know so many people who had international experience where essentially they've taken Britain with them when they've gone overseas and they brought it back when they come back again." Sub6 (434:434)*

*"You've got to understand the world a bit and realise how different it is in different places. And not, you know, how the British all go and live in Spain and they all live in the same place. Everybody's cliquey. And try not to just spend your entire time running around with fellow Brits, Americans, French, whatever. Get out there. Go and meet people." Sub28 (466:466)*

#### **4.4.2 Mentoring/Coaching**

Quotations coded as "Dev-mentoring/coaching" included both informal "mentoring moments" and formal coaching relationships. Many of the quotations for this code are rich accounts, telling stories of the learning that took place, the "ah-hah moment" that led to a change in thinking or behavior that has stayed with them.

*"Well, I quit trying to push a rock up a hill. I was exasperated in Madrid with trying to get this one thing printed in time. And I met this lovely man. He had a small printing business and he actually worked with me. He understood that I was an American. He was kind of fascinated with it, and he even coached me on it. He was fabulous. He's such a great guy. He spoke English well. My Spanish wasn't very good at the time. When I moved to Spain I didn't speak Spanish at all so I had to learn it there. So I remember I was kind of looking all over for a printer to get this print job done. He wasn't going to get it done in the amount of time but he at least talked to me and humoured me and I did end up having it printed with him. [Int: Did he give you feedback on your own style?] Yeah, he did. He did. He said, 'In Spain things happens in their own time and when you try to push a different type of timing on it then it'll happen even slower.' So it doesn't work. It just doesn't work." Sub9 (217:223)*

*"He knows me very well, and he is one of those people who are 100% honest. That's a problem in this position. There are too many people talking just to flatter you." Sub14 (282:282)*

*"Fortunately, one of my partners in the business is a leadership guy, coaching development, that's his kind of skill base, he's also a licensed coach and one of the things we did after we found initially this issue that doesn't have an executive team, we got five executives doing their own thing, we actually set up a coaching program and he coaches all the senior guys in the company and through that process we managed to work to getting stuff done. It still takes time but at least we have an inside track and we can usually get to a resolution." Sub5 (135:135)*

*"Well, probably the most important thing was I had two or three colleagues, mentors if you like, who really -- part of their job was to actually help people like me understand what an earth was going on, so you know I was obviously the most senior individual in the place but I suppose there were two people that I remember working very, very closely with." Sub6 (266:266)*

*"And we were sitting down for dinner in this restaurant in this hotel in Bucharest and we were drinking some Romanian red wine. And I made some comments about good red wine versus this red wine. It was really rude. Now I think it was*



*just rude. I mean, maybe it wasn't even cultural but I just was insensitive and not gracious about honouring their red wine - because they were proud of their red wine. And I of course had travelled all over and had red wine everywhere... [Int: And how did they react?] They were fine. They were fine. Another journalist said something to me. And I felt really bad. I realised what I had done and I just felt terrible. [Int: So it was another coaching moment?] Yeah. To be more sensitive. To honour where you are and what it is for them." Sub9 (303:327)*

*"For example, in China there's a certain etiquette to meetings. I've hired people to work for me that have been familiar with operating in that culture. [...] Yeah, so they can teach me. So when you go into a meeting you know you sit with your back to the window in China. Or when you have a fancy meal you've got to sit in the right place around the table due to all this honour and respect and things like that." Sub11 (95:99)*

*"Everybody ends up with some advisors whether they're formal or informal, whether it's the group from the country club or whether it's guys that you've employed as formal strategic business advisers in the country or whatever." Sub18 (389:389)*

*"Beautiful thing is that she opened up her network and so those people that she introduced me to, they formed a very initial test group for me. I asked them a lot of questions. Most of what I would consider research is what I did on the ground." Sub20 (123:123)*

*"You just learn these things and it's hard knocks. If you have some people that will pull you to the side and be honest with you, it's great. CEOs rarely have that. Rarely, rarely have that. It does require a pretty strong individual, especially if they work for you, to come and tell you that. It's something that's grossly needed." Sub21 (50:50)*

*"It was really, really good -- this coach that I had because not only she was 20 years over here as an American woman on the top but she was, like I am, the first and only woman. I'm the first and only woman and an American woman in the midst of it. From her perspective, she will tell me things I didn't want to hear." Sub21 (69:69)*

*"I was very lucky that I had, right next to me from the beginning, a Singaporean guy who speaks Cantonese, Mandarin, Thai, and a lot of the dialects. I learned a lot from him very quickly about how business is done there. It's very much about relationships; it's very much about trust, and that takes time." Sub22 (178:178)*

*"I thought great, I'm an executive, Marketing Director, a hundred million euro budget, everybody's going to love me. Three months later, I got this feedback that 'you're too pushy, you're running people over, you're not listening.' Even though I didn't like it, part of it I knew was true. Even though I know that listening is not one of my strengths anyway." Sub25 (19:19)*

#### 4.4.3 Relationships

The theme of relationships is evident across nearly all the interviews. Many of the subjects discuss how relationships helped them develop intercultural competencies, especially those formed when they lived in foreign countries. As discussed in Sub-section 4.4.1.a above, several voiced the sentiment that the worst thing one can do is live in an expat bubble, surrounding oneself with the familiar rather than developing friendships with locals. Another alternative revealed in the data was that of surrounding oneself with a rich mix of outsiders who may be more open than the locals to developing relationships with foreigners. One quotation speaks to the fact that at the CEO level it is much more difficult to develop those relationships than perhaps it was earlier in their careers. It may mean that at the CEO level it may be necessary to rely more on paid coaching relationships than on informal mentors. It is clear that trust is a critical component in both directions. Although there is some cross-over with mentoring/coaching, in many of the instances mentioned here the relationships are not necessarily professional ones, but social or casual.

*"Everybody is new to New York, so it was very easy to kind of assimilate and get in to be part of the culture and the place. My next post was in Paris, and I found that much tougher, because it's a very different city and it's kind of you're born in Paris, you go to school in Paris, your family lives in Paris, so definitely if you're an outsider, you're an outsider, so I found that much tougher. [Int: Did you have French friends, or did you find other immigrants?] Actually in Paris it was a mixture, I certainly had more expat friends in Paris, though I did have some French friends, whereas in New York, most of my friends were American. They weren't from New York, but they were American. In fact I still go back there every year. But France was a tougher place to assimilate." Sub1 (44:46)*

*"The company was set up in Cambridge, and Cambridge is such an interesting hub -- Cambridge, Massachusetts -- an interesting hub for multicultural things because all of the graduate students that go to Harvard or MIT, a good two-thirds come from a different country than the US. And I can't tell you the number of parties that I attended where there were not two people from the same nationality. It's really the only place in the world where you have to deal with, it's who you are, you become that global person." Sub2 (7:7)*

*"Just simple things like playing rugby in the rugby team... There were just two English guys. The rest were Welsh and Scottish and Irish and they all didn't like the English generally from history. And it was interesting to see how going from*

*my little nice cozy clique in London that I could be friends with a male nurse from the roughest parts of Glasgow and things like that. And that was a really good learning experience to interact with these different cultures."* Sub11 (184:184)

*"Well, let me start with one that's not... it's not entirely about work. But if I compare my experience in Morocco and my experience in Mali, right... I was a Peace Corps volunteer in Morocco, unmarried, just out of college, really in it for the experience. And I learned that culture extremely well. My Moroccan Arabic is still really good. I could make people laugh. I could make friends with people. I could insult people [laughter]. I could do the whole range. And I didn't know who the Prime Minister was [laughter]. I had no idea about the politics of the country but I knew about the heart of it, the soul of it. But I then moved to Mali. I'm a boss. I lived in a compound. I've got a car. People speak to me in a language that's not their own. I don't go anywhere out of town except in a car. I'm never in a bus or anything. And I'm not in touch with the culture except in the ways that my work puts me in touch with the culture. And I think probably most CEOs have a situation that's even worst than that, because after all I was working for a non-profit. But if you're working for a corporation I think you're in a cocoon. And the cocoon is built around making things work for you. So I think you have to say, 'What are you going to do to get out of that bubble in a way that people will permit and that won't detract from your authority and stuff?'"* Sub15 (411:417)

*"You also develop relationships and ultimately, you get feedback of a more direct nature."* Sub16 (209:209)

*"Working with and interacting with people on a day-to-day basis. A lot of developing countries... getting a job in a developing country... often employment is quite sort of paternalistic. The company provides everything because there is nothing. So it's not just a wage and a nine-to-five. It's healthcare. It's education for your kids. It's some opportunities for education for yourself out of hours. I mean, I've been involved in employees' births, deaths and marriages. You know, you get invited to weddings, you get invited to funerals, you get the guys knocking on your door when the house has been burgled. I mean, all sorts of stuff that as an employer in the UK you would never come across."* Sub18 (155:155)

*"Bureaucrats move around. They always stay bureaucrats but they move around. Politicians move around. So today's Minister of Health and Sanitation is tomorrow's Minister of Post. It's important to know how those links work and really get a good in-depth knowledge of how it fits together. Because you may find that the group that you're dealing with across the table... they may only have been in office for a certain amount of time or they may have been pushed into that post because it's a step to a promotion or because it was a demotion for them and so they've got a bad attitude straight up. And then maybe you find, okay, well, I know that in his previous role he worked in a different department. Maybe I know his previous boss or his previous guy across the desk from him in a different situation. Maybe they go to the same golf club or they swim in the same pool at the local club or whatever. And use those sources to try and get a better feel for the person. Relationships are really, really important. Understanding who's gonna give you the good information and the bad information on those people and then when you find people that can give you a good cross-section of information, never listen to one. You know, it's like you*

*never employ people that agree with everything you say because you don't add any value. Get people with a big mix, get all the comments, and then you've got to sit there and sift through it. And then somehow - and I don't know how but... gut feel - you get to the point where you know, well, that thread seems to run true. And that's when you have to take the executive decision and follow that thread and you spend the next six months praying it worked and if it did you're a hero and if it didn't you're out of a job [laughter]." Sub18 (363:375)*

*"You can't get in this if you don't have, let's say, friends from different cultures. If you're someone that is pretty much have the same - still in the same environment where he or she has grown up, it's very difficult to adopt that level of tolerance and flexibility and empathy because it has to be very empathetic to this." Sub19 (285:285)*

*"I think it's extremely important to learn an individual on their terms, in their country so that you really get what the base of which they're operating from. It can't be done on any book -- from any book. You've got to learn that individual on their terms within their country. That may mean you've got to go there and you've got to go do the dinner thing or you've got to go do the -- go to cricket. Oh goodness! Or whatever but you've got to spend the time in the culture that you're going to be working with." Sub21 (109:109)*

#### 4.4.4 Travel

Many of the CEOs believe that extensive foreign travel is essential to developing intercultural competencies, citing their own experiences and also advising others to use it as a way to develop. Some voiced disdain for those who believe they can run global businesses without ever having left their home countries. Several of the quotations provide a glimpse of the heavy travel demands faced by global CEOs.

*"Did all my college there, of course I made a lot of friends within Taiwan that were from places all over the world so even through my college years I would travel. I would travel to Australia, I'd go back to Asia, you know I would take my summers and just go because those were my new friends." Sub7 (203:205)*

*"During that time, I think the other thing that's really relevant is in 1990 I took the first sabbatical our company had ever had, you know I had some fairly enlightened founders and I went to them and said, 'I'm thinking of leaving to go travelling.' And they said, 'How about you take a sabbatical instead and we'll pay you?' So I said, 'Sure. You know, why not, nothing to lose.' So I went and did that and I got to travel back to Africa and spent quite a bit of time you know in parts of the country where I was born and so on and as a result of that I came back sort of very charged up and saying, you know, 'Yes, I really want to do this thing and I really want to grow this thing internationally' and so on because at that point we really just had three offices, U.K., France and a really bad German office." Sub8 (147:153)*

*"Well, I go to each place generally. At the start of '08 I set up six offices. So I did Bahrain and China and Hong Kong and Singapore and the US and Malta all at the same time. So you go into these places, you're setting up meetings, you're talking to lawyers and auditors there, you're getting a feel for how it all works. And you can't really get a feeling or understanding of the culture or know how to behave in a culture unless you visit regularly." Sub11 (95:95)*

*"And I try to encourage these young kids today, and I move them around the world and I say, 'Go to India. Go to Asia. Go to the Middle East. Because you'll learn so much.' Because this world is getting smaller and smaller and to be successful in the next generation or two you better understand how to do business and work internationally and understand cultural sensitivities to be successful." Sub13 (281:281)*

*"So, stepping out of this European environment to go to Australia was a big learning curve in a way. I think when you grow up in the U.K., there's a sort of very superior attitude the Brits have when they look at the rest of the world. I think you grow up and you're educated in this sort of strange world where you think the U.K. and Pound Sterling is the center of everything and nothing else matters. And it's not until you step out of the zone that you begin to realize, actually, it's not like that at all." Sub22 (162:162)*

*"I got it very quickly because I think with my job, in all the jobs I've done, I've always travelled a lot, and I've always worked in different cultures. It was pretty easy for me to take what I knew and adapt it." Sub22 (170:170)*

*"But I travelled a lot in my early twenties. So I would say that's when I started encountering differences or appreciating differences. Because I think that's the only way to go about it. So travelling in different parts, primarily Europe and then Northern Africa. And then quite early I met my wife. She's American so of course also... And I travelled to America when I was very young - sixteen." Sub26 (145:153)*

#### **4.4.5 Diversity**

The data revealed that many of the CEOs believe that much of their intercultural learning has come from working in diverse teams, whether at home or abroad.

*"Yeah, in a sense any other business I've been involved with I've found the most interesting richness coming out of creative work from people getting together from different environments and cultures, misunderstandings because of environment and culture that lead to good ideas." Sub2 (5:5)*

*"Before I set up [my company] I was running a team [...] in Bermuda and I had six different cultures all working in a team of twelve - an American, a Canadian, a couple of Irish, some Bermudians, myself, a French person I think - and that's where you understand how to get the most out of people and treat each culture differently. It was a good learning experience." Sub11 (119:119)*

*“Well, I’d look for someone who had worked multiculturally, I would look for someone who had managed multiculturally, because I do think that’s a sequence and just having worked overseas is not the same as having tried to lead people of different cultures. [...] I think if you are in monoculture - although nothing’s purely monoculture - but if you’re mostly a homogeneous group it’s pretty easy to... ‘this is my vision; let’s all gather around it’ probably works better. But if you’ve got people who are gonna have different ideas, different starting points, different inclinations, you’ve got to have antennae for that.” Sub15 (389:391)*

*“What I miss most from the job that I had and now is actually the leadership group that came from 13 different countries. And our thing was very energetic and they always had views and points I wouldn’t have. So, benefit from that, more than see it as a problem. Just makes decisions much stronger, than if we had only one view.” Sub24 (143:143)*

*“And we’ve got this really, really good group of people who when put together.... We have an American, we have a Luxembourger, a Belgian, a French woman living in Spain who was married to an American - which helps - a Swede who was brought up in the Philippines in there also, an Irishman who is just fantastic, and finally a German - but he’s gay. The whole mix kind of... it all works. In the early stages it just didn’t.” Sub28 (51:51)*

#### **4.4.6 All Other Development Methods**

Reading was mentioned by many of the subjects as one of the methods they have used to try to develop their intercultural competencies, often in combination with other methods, including mentoring/coaching and training. Many of the quotations seem to reflect that the knowledge gained from reading is largely superficial; for example, dealing with customs for greetings.

Although 10 subjects mentioned training, only five indicated they had ever been through any formal training program dealing with cultural issues. Many who had been sent to work abroad as they climbed the corporate ladder were never given any cultural preparation for those assignments. Even some of those who have never had intercultural training themselves seem to value it as a development tool for others, offering it to their own employees. Some of those who have had training expressed a

belief that training alone is not sufficient, but it provides a basis for further development. None had participated in training in their current CEO roles.

About one-third of the subjects referenced language as important to developing intercultural competencies. Several references were to learning a language in order to be effective in a previous foreign assignment.

In addition to analysing the coded data, background data from the questionnaire regarding additional languages spoken was also analysed. Of the 28 CEOs, only three of the subjects are monolingual, eight speak two languages, five speak three, four speak four, six speak five, and two speak six languages. Another interesting data point from the questionnaire is that 26 of the 28 companies have English as their official language, regardless of what country the headquarters is located in.

Ten quotations referenced learning from past mistakes. However, in analysing the quotations it became apparent that every instance that was more than a passing mention was also coded with a Response-to-Failure code, so they will be discussed in Section 4.5.

Three of the subjects discussed the fact that they were outsiders at an early age, and their perceptions of how that affected them. For two of the subjects, their way of coping seems to have been to become highly sensitive to others, learning to adapt themselves as needed. The third discussed adopting his otherness as an identity, defining himself by being different. Although this is a small subset of the entire group, the quotations on this topic are rich with insight:

*"I had a massive ah-hah moment in terms of because someone was asking me why do you end up in all these roles, why is it there seems to be this pattern emerging where you're trying to do these, they're engagement roles, but also these change roles. And I always thought it was just because I was female, and females are perhaps more well equipped to do those sort of roles, but actually we were asked to go back in our childhood and talk about our childhood, and I*

*spent most of my childhood moving around the UK, so I moved, we moved house because my father worked for a large insurance company that was primarily UK-based but is now global, and he started as a door to door salesman but ended up running marketing for them. And he was clearly successful and had a relatively fast promotion track. So we moved house every two years, only within the UK. So basically, my life was permanent change growing up, and also the UK at that time... I don't know, countries seemed bigger, transport wasn't quite so great, and therefore people didn't move about quite so much as they do now, and neither were they exposed through media and telecommunications and all that sort of stuff to the differences in different regions. So it was a big to move from the south to the north. There were distinct regional cultures. So clearly to survive this change, one had to really learn to adapt. I found myself embracing accents very quickly, which then...often I'll get in a cab, and the driver will say "are you New Zealand or Australian" or something and I'm like no but I want to live in America and then I went to live in Paris, and I've got this hotchpotch accent which seems to be now something of a cross between, you know I've never lived in Australia or New Zealand, but I know I've lived in America and I know I've lived in England and very different regions of England, so clearly I've created some sort of ability to adapt, to fit in, to you know almost sound like, to perhaps even imitate, to somehow immerse yourself quite quickly." Sub1 (39:39)*

*"I was the first child born of another race in [...] the state [...], I was the first Asian - well, non-Caucasian child. So since I was in a permanent culture of change because my father is Chinese and I speak Chinese at home. But when I go out to the street everybody speaks Catalan or Spanish. People are Caucasian; I'm Asian. People stare at me. I don't know what happens.... Of course everybody from when I was four years old and I go to school - not now but maybe until ten years ago - from three years to twenty-eight... and when there started to come to Spain more immigrants from China especially or from other places. So this feeling of trying to adapt myself to the place that I am is something that I have since I was a child." Sub17 (257:273)*

*"Oh yes. I had painful... for me, very painful dislocation. I remember... first of all, if you think about the British climate, a childhood full of memories of the smells of things, the greenery, being outdoors. When I went to [a state in the US] which is a desert and dry and hot, I remember as a 10 year old, becoming convinced that I had lost the sense of smell. And of course, as a child they didn't realize that there's a reason for that that dry air doesn't carry fragrance the same way that moist air does. So I literally wasn't smelling things but as a 10 year old, I thought that there was somehow... I'd become deficient. But on top of that, I remember being raised with the certain courtesy and gentility in Great Britain that was non-existent in [this state]. And it was sort of very coarse and very... it was a difficult, it was a jarred transition. And my parents were all preoccupied with their own lives so as a child, there wasn't much support to navigate what was different.... In fact if I think about it [back in the UK], we were very unusual to be American. I remember my last year at that school, my father was selected to address the student body and he was selected because he was an American military officer and that was considered very special. So we were... I was sort of an outsider even in the UK and then definitely an outsider once we came to [the US]." Sub20 (55:63)*

*"I think part of the... it's so hard to separate the... I don't know how personalized you get in this interview but the separation... the difference*



*between the cultural differences and my sexuality which the irony of course was that being different as a child is terrible anyway. I had this additional secret that I was keeping so I always remember sort of additional level of intensity around feeling like an outsider." Sub20 (67:67)*

*"So that was an issue. I also think... at this point in my life, I sort of developed an appreciation for my difference. I look at my siblings. I had three siblings at the time, they were very eager to assimilate into American culture very quickly. They lost their English accent within a matter of years. I kept mine and I think part of this because I was older so that speech pattern was more engrained but the other part was that I quickly decided to turn my difference into an identity and maintained that for many more years after that." Sub20 (75:75)*

Three other development methods identified in very small numbers in the data (but which may nevertheless merit further research) are studying abroad, a personal desire for a global experience, and formal assessments.

In total, four subjects mentioned that they had studied abroad, either at degree-level or as a foreign exchange student. Within this sample, this code could be merged with work/live abroad. However, with a larger sample, it could be a useful variable for comparison.

Although there are only two instances in the data of subjects discussing formal assessments of any sort, this still may have some significance, since both quotations are associated with a number of competency codes. Both subjects attributed using assessment to learning or insights.

Finally, two of the subjects credited their long-time personal desire to explore the world with their development, and in both cases it was that personal desire, not a solid business strategy, that drove their businesses towards global expansion. Although there is not enough in the current data to explore it in-depth here, this could also be an interesting area for further research, especially among Born Globals.

#### 4.4.7 Associations

Co-occurrences in the data between competencies and methods of development can be seen in Figure 4-e below.

Figure 4-e

	Adaptability	Cultural Self-Awareness	Cultural Sensory Perception	Global Perspective	Open-Mindedness
Diversity	1	2	1	3	1
Assessment	2	1	1		
Language					
Mentor/Coach	3	4	5		1
Outsider early	2	1	1		
Reading		1	1		2
Relationships	5	1	5		1
Study abroad	1				
Training	1				
Travel	4	1	1		1
Live Abroad	1	2		1	5

These associations may indicate possible links between methods of development and the competencies, which may form the basis for the formulation of theories. For example, Cultural Sensory Perception is most frequently associated in the data with Mentoring/Coaching and Relationships, which may be an indication that this competency is best developed by these two methods, both of which are based on relationships of trust. These associations will be explored further in Chapter 5.

#### 4.5 Response-to-Failure Patterns

The Response-to-Failure (RTF) patterns that emerged in the pilot study (discussed in Chapter 3) were evident in the data. In addition to the four previously identified patterns (RTF-Adapt, RTF-Continue, RTF-Abandon/Try New, and RTF-Avoid), one additional pattern emerged (RTF-Wait), which may be a subset of RTF-Adapt. A total of 98 quotations were coded as RTF patterns. Figure 4-f shows the number of occurrences of each of the codes across all subjects.

Figure 4-f

Subject	Response-to-Failure Patterns					TOTALS:
	Adapt	Continue	Abandon/ Try New	Abandon/ Avoid	Wait	
1	7	0	0	0	0	7
2	1	0	1	2	0	4
3	2	0	0	0	0	2
4	7	2	0	1	0	10
5	0	1	0	0	0	1
6	1	5	0	0	0	6
7	1	1	1	0	0	3
8	1	2	0	0	0	3
9	1	1	0	2	0	4
10	3	1	0	0	0	4
11	2	0	0	0	2	4
12	4	1	1	2	0	8
13	5	1	0	1	0	7
14	1	1	0	0	0	2
15	0	0	0	0	0	0
16	0	0	1	0	0	1
17	1	0	0	0	0	1
18	3	1	0	0	0	4
19	2	0	0	0	0	2
20	2	2	2	0	0	6
21	3	1	2	0	0	6
22	1	0	0	0	0	1
23	0	0	0	1	0	1
24	0	1	0	1	0	2
25	0	0	1	1	0	2
26	0	0	0	0	0	0
27	1	1	0	0	0	2
28	0	3	0	2	0	5
TOTALS:	49	25	9	13	2	98

#### 4.5.1 RTF – Adapt

A total of 49 quotations across 20 subjects were coded as “RTF-Adapt.” This code identified instances of intercultural interaction where the desired outcome was not achieved initially and the subject adapted his/her approach and achieved success. In one representative narrative, the subject told a story of his company building a health clinic in a rural area of Afghanistan and then finding it was not being used in spite of the company’s extensive needs assessment and substantial investment.

*“[...] we took the effort [...] to go out, fly up to the site, get in a truck, go into the local village, go into the little wicker sunshade - it was the middle of summer - it was like fifty degrees - sit down and drink tepid, salty water and tea with these guys for about three hours whilst their AK47s were lined up against the wall. [...] Then we sat down with [the tribal leaders] drinking tea and they said, ‘It’s great, but we’re Muslims. The women won’t go to the doctors because they’re male. The majority of the issues are with the women - childbirth, malnutrition,*

*childbirth issues,' - so please can we help? And we said, 'Okay. What do you suggest?' 'Well, why don't we take two girls from the local village, send them to Quetta for six weeks...?' - basically it's a crash course in midwifery. And they call it a Local Health Volunteer. So for the grand total of about eight hundred dollars we trained two girls from the local community to be midwives. An immediate spike in healthcare and hygiene training and all this sort of thing, but goodwill – huge! I mean, you could never measure it. You could never pump enough money in to get that sort of goodwill. And that's what comes from carving time in your day as an executive and saying, 'I'm going to put my ego away and yes I wear a suit and I'm a very important person but forget that. I'm going to sit on the ground with this guy and drink tea and listen to what his problems are.'” Sub18 (285:297)*

The subject's account shows that the initial strategy (building and staffing a clinic based on a pattern that had worked successfully in other markets) had failed (because it was not being utilized). So he took a different approach (a more relationship-focused one, appropriate to the local culture), which provided cultural learning and insights and enabled him to adapt his strategy to achieve success (measured by both increased usage of the clinic and goodwill gained by the company).

#### **4.5.2 RTF – Continue**

The RTF-Continue pattern was seen in 25 quotations across 16 subjects. This code identified instances of intercultural interaction where in spite of failure to achieve the desired outcome, the subject maintains the same approach.

In the following lengthy narrative, which involves cultural differences regarding the ethics of employing and giving business to friends and relatives, the subject spends a great deal of time defending his position that (his culture's) standards must be enforced and made clear, that consistency is the only way to solve the problem. When probed as to whether the problem has been solved, he admits it has not, and returns to defending his position.

*"Very interesting example recently in Pakistan, I won't give you details because it won't be appropriate but we've had problems with people employing relatives and also sourcing goods and services from relatives. [...] Which is culturally*

*very, very appropriate but which is absolutely against every rule we have in the book in terms of how we operate. I think you have to be very clear what the standard is. I think all too often, the danger is you stop being realistic about this. You start saying, 'Well it's OK in this particular environment.' You know, it either is OK or it's not and I don't think you can constantly change because you -- the standards which you set, depending upon the local environment, where those standards are of real importance to you. So I think the most important thing there was actually, again, being quite open and being clear that the standards have not been met and why those standards are in place, what they actually might mean and that they are actually organisational standards which may well be in conflict with the local norm but actually we recognize that, we don't necessarily apologize for it but you can recognize it and help people understand why those standards are being set and why they are in place. [...]* We have a strong position around expectations in terms of integrity in employment and procurement and those sorts of things and we have very, you know, firm positions around the treatment of individuals within the office. So having those clear, making sure that people when they join you are clear what those are. [... Int: So in this particular instance, were you successful then in changing it?] In the end we had to dismiss some people. [Int: And has that solved the problem?] No. It's reinforced the standards are there and they are going to be applied. Are they still seen as firm and strange and will people actually ask the question, 'Well, do they really mean this?' I think absolutely. So I think they need constant reinforcement in a country like that and certainly one of the things I've been saying to, you know, we've got some new senior colleagues going in there and one of the things that absolutely have to happen is be absolutely clear about what those standards are there. They are non-negotiable and they are going to be in place. But I think it's always -- there's always a tension when there is a clear mismatch between the internal standards and values of the organisation, and the external norms and if they are -- if they are wide apart then you actually have to put a lot of effort into explaining why you do have the internal standards." Sub16 (214:250)

A frequently used word associated with the RTF-Continue pattern was "frustration," as seen in the following quotation:

*"I think initially I didn't cope very well with it. I think I was basically frustrated that it was so difficult to get them to commit to things. At that point of time, I think I had not made up my mind to say there's no right or wrong. At that time, I was probably more judging and saying 'They're crazy. I can't deal with these people,' which is not very effective by the way, but that's another thing." Sub12 (78:78)*

#### **4.5.3 RTF – Abandon/Try New**

The RTF-Abandon/Try New pattern was evident in 9 quotations across 7 subjects. This code denotes instances of intercultural interaction where, upon failure of the first strategy, the subject tries one or more new approaches. On the surface, this pattern appears similar to RTF-Adapt; however, closer analysis reveals that in these cases the

subject generally does not appear to have gained insight into the cultural issues at play or learned from the initial failed attempt. The pattern is more akin to the description provided by Subject 21 of “trial and error”, and may be viewed as a costly but valuable learning process, as can be seen in the quotations below:

*"And so for me it was completely a different feeling now -- so that's just one example where I think, had I learnt to be more assimilated into the culture I was in, I'd learned to be more assimilated into the customer culture when I needed to. [Int: How did you then figure it out?] I didn't. That was a problem. The problem was I think eventually my lack of wanting to be very direct and confrontational and argumentative and eventually -- actually we wound up launching with the strategy the client wanted which turned out to be the wrong one and we lost probably a year's worth of time. Now at the end of the day the good news is, had they done it on their own, they'd have taken three years to figure that out, and we were able to do that after a year. You know what, we think it's probably better, we've tried that. Now let's try this." Sub7 (243:253)*

*"What we get is very... what we would consider in the US passive-aggressive stalling and passive-aggressive... it's conflict avoidance in very creative ways. [Int: And how did you deal with that?] I can think of two things we're trying to do. One is to keep coming back with different approaches. So delivering essentially the same message but trying to do it in different ways. So if it's not gonna work by email, doing it face to face. If it's not gonna work face to face do it in PowerPoint slides. It's like figuring out what is the right way to get the message across. And to be honest, if we've been able... if we've been effective that way, it hasn't been immediately apparent. I think over time, we're moving the needle but the educational process with our stakeholders has taken us a long time and they haven't been clear with us about what they don't agree with. We just have to kind of guess and then keep coming back at them with have we considered this? Sometimes, it's just pure repetition. A year later, we'll say something that we said a year ago and hope that over the course of the year, their experience of understanding has changed and they get it the second time." Sub20 (207:219)*

In some of the instances in the data, RTF-Abandon/Try New pattern is repeated, with additional failures leading to increased frustration, ultimately leading to the RTF-Abandon/Avoid pattern.

#### **4.5.4 RTF – Abandon/Avoid**

The RTF-Abandon/Avoid pattern was seen in 13 quotations across 9 subjects. This code identified instances of intercultural interaction where failure to achieve the desired

outcome results in abandonment of not only the failed strategy, but the entire objective or operation.

*"So that was a complete and utter nightmare. I should have learned something from that but I didn't actually learn [laughter], no I learned one thing, which was don't go to Italy again." Sub28 (252:256)*

This pattern is often costly. In one account, when the subject could not overcome cultural challenges with a Spanish supplier, severing the relationship resulted in a high contract termination penalty.

In the following quotation, which bears a striking resemblance to another CEO's narrative from the pilot study, the subject made several attempts to work through the cultural challenges before ultimately deciding to abandon offshore outsourcing altogether.

*"Yeah, so we worked with an Indian team early on in the life of our project and one of our guys, a Canadian guy, was managing them remotely, and he was sending instructions on work to be done. And he ended up finding himself spending more time explaining the work, correcting errors and managing that team than doing the work himself. And I think it was part skills part culture. And we haven't done a thorough exercise of due diligence to find a better Indian firm. The fact of the matter is that we paid cheap money to bring them on board, because we didn't have much money at the time, and we got what we paid for. I'm not sure it would have been different with a local provider here, but it just didn't work out. One of the challenges that we've had, so we kept an Indian offshore facility to this day, to do not development work, but data analysis, and we have maybe a dozen people working for us there, and they're fully dedicated to our business and they're doing ok, but we're still struggling with some cultural aspects that have to do with the fact that we are an abstract client for the team. They've never travelled here, they don't really know us face to face, we've actually been talking about sending a couple of our guys over there because it's impossible to bring them here, sadly, to get them to meet face to face. But so far what we've experienced is that, in a remote capacity, the cultural differences are staggering. Specifically with Indians, the fact that people aren't allowed to say no to a client. So if I say I need this by Wednesday, absolutely, if everyone on that team knows that there's no way on earth it's going to get done, they're still going to say yes. And for me it drives me out of my mind, and even when I emphasize it with their boss and with the guys we talk to, it doesn't change anything. I can tell them, listen, if you tell me it can't be done, I'm not going to be mad, I'm going to respect your expertise in telling me it can't be done, and then we'll set a deadline together that makes sense. Yes, yes. So Wednesday. Yes yes. Then it doesn't get done on Wednesday, and I don't understand. So anyways, I think like these cultural differences, when dealing with people in a purely remote capacity are much harder to take care of than otherwise. [...]* My

*personal experience with offshore work just has been no good. I'm much more keen on building a smaller team, more expensive, be collocated for the stage we're at, and have that be it. That's been my experience." Sub2 (33:36)*

#### **4.5.5 RTF – Wait**

Two quotations, both in the same interview, seemed to show a different pattern not identified in the pilot study, involving a deliberate decision to delay any new action.

These were coded in the data as RTF-Wait, but no other instances of the pattern were found across the rest of the data. With only two instances, it is difficult to say whether this is a legitimate fifth pattern or a subset of one of the others. For instance, it may be that the choice to delay is in the belief that the initial strategy is the right one even though it failed, and that the other side needs time to come around; this would be consistent with the RTF-Continue pattern. On the other hand, it could be a recognition that further learning and adaptation is required, and the decision to wait is a slowed-down process of RTF-Adapt. This could be an area for further research with a larger sample.

#### **4.5.6 Associations**

The data was queried for co-occurrences between RTF codes and Business Impact codes (Figure 4-g). Although analysis of this query did not yield any additional theoretical insights with this sample, it is believed that the analytic process could be useful for diagnostic purposes if applied at the individual or company level and focused on current business objectives.



Figure 4-g

	RTF-Adapt	RTF-Continue	RTF-Abandon/New	RTF-Abandon/Avoid
Change	3		1	
Conflict/neg	1	2		2
Decision-making				
Ethical issues		1		1
Govt/reg/legal				
Hiring	3	2		
Internal chall.	1	3		1
M&A	1	1		1
Managing	8	1	3	2
New markets		1		
Partners/vendors			1	2

Associations in the data between RTF codes and intercultural competencies may shed light on which competencies (either present or lacking) come into play with each pattern. The co-occurrence table in Figure 4-h shows co-occurrences between RTF codes and codes indicating competencies lacking. Figure 4-i shows co-occurrences between RTF codes and competencies evident.

Figure 4-h

<b>Competencies Lacking</b>	RTF-Adapt	RTF-Continue	RTF-Abandon/New	RTF-Abandon/Avoid
Adaptability			1	2
Cultural Self-Awareness		1	1	
Cultural Sensory Perception		1	3	3
Global Perspective				
Open-mindedness		1		2

It is noteworthy that there were no associations in the data between Global Perspective and any of the RTF patterns. Figure 4-h reveals that where the RTF-Adapt pattern was identified, there were no instances identifying the lack of any of the intercultural competencies. And Figure 4-i shows a very high co-occurrence between the RTF-Adapt pattern and intercultural competencies. These findings support the Response-

to-Failure Framework theory from the pilot study that the RTF-Adapt pattern depends on intercultural competencies.

**Figure 4-i**

Competencies <b>Present</b>	RTF-Adapt	RTF-Continue	RTF- Abandon/New	RTF- Abandon/Avoid
Adaptability	13		1	
Cultural Self-Awareness	9	2		
Cultural Sensory Perception	17		1	1
Global Perspective				
Open-mindedness	7	1		

The data was also examined for co-occurrences among the RTF patterns. This analysis revealed three instances of linkage between RTF-Continue and RTF-Adapt, which may be an indication that continuing to repeat a failed strategy, although costly, may still lead to eventual learning and adaptation.

#### **4.6 Chapter Summary**

This chapter has presented the findings from analysis of the data in order to answer the research questions. It included areas of business impact, intercultural competencies needed, methods for developing intercultural competencies, and Response-to-Failure patterns. These findings and conclusions drawn from them will be further examined in the next chapter, along with a discussion regarding how the findings relate to existing research, theory and practise.

## **CHAPTER 5      Discussion of Findings**

### **5.1      Introduction**

This chapter provides a detailed analysis of the key research findings presented in Chapter 4 in relation to the research questions and the literature. The first section discusses the findings in relation to each of the research questions. The second section discusses the study's contributions to the field, followed by a discussion of the implications for business. Limitations of the research are considered, and the final section provides a brief summary of the chapter.

### **5.2      Discussion of Findings in Relation to the Research Questions**

#### **5.2.1    Areas of Impact**

**RQ1: Do CEOs of global companies perceive that culture has an impact on their success in achieving business objectives?**

The findings provide a clear indication that cultural challenges impact the CEOs in the study and that the CEOs' intercultural competencies do have an impact on their ability to achieve their objectives in a number of areas, including: Managing, Conflict/Negotiating, Decision-making, Hiring, Ethical Issues, Internal Challenges, Government/Regulatory/Legal Issues, Change, Mergers and Acquisitions, New Markets, Partners/Vendors. The extent to which each of these areas is significant and patterns evident is discussed in the next section.

It should be noted that the findings are based on the participants' own perceptions regarding success, not on objective external measures such as overall financial performance of the company.

#### **5.2.2    Competencies Needed**

**RQ2: Which intercultural competencies are most important for CEOs of global companies? Which are most likely to contribute to success or**

**failure? Are the competencies required different for "Born Globals" than for 20<sup>th</sup> Century multinationals?**

The study found evidence of five distinct but interdependent intercultural competencies needed by CEOs in relation to the business impact areas identified, including: Adaptability, Cultural Self-Awareness, Cultural Sensory Perception, Global Perspective and Open-mindedness.

Although there were many commonalities across the companies and individuals in the sample, they, and other global businesses around the world, are sufficiently different in terms of focus, structure, size, maturity and other variables, that there can be no single answer to the question of which competencies are most important. Furthermore, the competencies most important will vary even within a single company over the course of time. However, based on the findings of this study, it is possible to answer the questions above by examining those areas of business impact identified as important, and to analyse which competencies seem most important in each area.

**5.2.2.a Managing**

By far, the most-referenced source of culture-related challenge for the CEOs in the study was that of managing and motivating their culturally diverse top management teams. They experience problems building trust and loyalty cross-culturally, and find they need to adapt their own management/leadership style to the cultural expectations and needs of their subordinates. They encounter difficulties in knowing how best to motivate team members from other cultures with different value systems to their own. With direct reports located around the world, they face distance challenges that exacerbate other teamwork and communication challenges. They encounter difficulties gaining the feedback needed to make sound decisions due to cultural differences in

communication style, and at times they are tripped up by cultural differences in specific practises or attitudes.

Whereas the 20<sup>th</sup> Century model of international business may have meant the typical top management team was culturally homogeneous and the CEO rarely encountered such issues, 90% of the CEOs in this study had at least one direct report of a different culture, and for several, more than half the members of their top management team were of different cultures.

The competencies most associated with the impact area of Managing in the data were Cultural Sensory Perception and Adaptability. Unlike an expatriate manager managing a team in a foreign country, where depth of culture-specific knowledge is required, the CEO subjects in this study find themselves managing across several different cultures at once and their culture-specific knowledge is generally limited to the very superficial. Those who are successful seem to rely more on their ability to sense that something is not working as intended, paying close attention to both verbal and non-verbal signals. Cultural Sensory Perception relies heavily on metacognitive ability and to a lesser extent on cognitive or knowledge. Once they sense a problem, they can gather more culture-specific information, either by probing further with those with whom they are interacting or by turning to other resources.

The next step is adapting their behaviour from what has worked previously to fit the current situation. This ability includes a combination of motivational, cognitive, metacognitive and behavioural aspects of cultural intelligence (Earley & Ang, 2003). Inability to adapt may be due to a lack of the competency of Open-mindedness, or as Molinsky (2007) asserts, the psychological discomfort of feeling one is not being true to one's values. Molinsky refers to this competency as "cross-cultural code-switching".

### **5.2.2.b Conflict/Negotiating**

The findings revealed that culture impacts CEO success in dealing with conflicts and in negotiating. Although not an everyday challenge, the narratives regarding this area of business impact often revealed incidents where the consequence of not understanding the cultural issues at play was complete failure (i.e. the negotiation ended, the deal was lost). This means that in this impact area the stakes are high. Therefore, where the CEO is involved in intercultural negotiation, either on a frequent basis or less frequently, but in areas of high strategic importance, this impact area becomes more important. Cultural Sensory Perception appears to be the most critical competency in this area, to avoid abrupt failures that are the result of being blindsided by cultural differences.

### **5.2.2.c Decision-making**

The competencies associated in the data with decision-making include Cultural Sensory Perception (the most frequently associated), Adaptability, Global Perspective and Open-mindedness. Issues raised were not solely around whether or not decisions made were the “right” ones, but also around the CEO’s ability to adapt to culturally-different decision-making styles, particularly when the CEO is the cultural outsider compared to the majority of the top management team and employees. Given that decisions made at the CEO level can impact the overall strategic direction and financial success of the company, this impact area is a critical one, with important implications for boards of directors and investors. This area would likely be of greater importance to smaller firms, for which a higher proportion of resources are at risk, and also those firms expanding rapidly into multiple markets.

### **5.2.2.d Hiring**

Hiring the right people for key roles in foreign markets, while not an everyday occurrence, is critical to a company’s success. As one CEO in the pilot study

explained, the inability to hire the right people in foreign countries is one of her company's greatest barriers to growth (Gibson, 2011, p31). While several competencies were associated with this impact area in the data, the highest association was with Cultural Self-Awareness, particularly the ability to recognize one's own cultural biases. This insight has particular implications not only for CEOs but also for others involved in the recruitment and selection process. Human Resources professionals may be in a position to compensate for weaknesses in this area by providing mentoring moments during the hiring process and utilizing techniques like the one described by Subject #1 in Section 4.2.4.

#### **5.2.2.e Ethical Issues**

The competencies most associated with dealing with ethical issues were Cultural Sensory Perception, Open-mindedness and Adaptability, and it seems that all three are required in this area in this order. Without the ability to recognise that cultural differences are in play and the ability to suspend judgement, one is not able to adapt. While this interplay is likely present in other areas to some extent, it seems particularly strong in this impact area due to deeply held beliefs and values. This finding supports Molinsky's (2007) findings and suggests that the coaching techniques he advocates (Molinsky, 2013) may be particularly useful in dealing with ethical issues.

#### **5.2.2.f Partners/Vendors**

The findings with regard to cultural challenges when working with partners and vendors in foreign markets seem to indicate a difference in the needs of older and younger companies, with nearly all the incidents coming from CEOs of 21<sup>st</sup> Century companies (those less than 15 years old). This may be because working with partners is the preferred mode of market entry for younger firms, or it may be because they have not yet developed the competencies needed to manage this type of relationship successfully. There were associations in the data to all five competencies, the

strongest being Adaptability, and the findings also indicated that many of the challenges in working with partners and vendors were associated with ethical issues. So for young companies hoping to grow rapidly through partnerships, these competencies appear critically important to their strategic success.

#### **5.2.2.g Other Areas of Impact**

The findings identified additional areas where culture sometimes has an impact for some of the CEOs, including Government/Regulatory/Legal Issues, Change, Internal Challenges, Mergers and Acquisitions, and New Markets. However, the data was insufficient to provide significant insights regarding the intercultural competencies needed in these areas. Each of these areas merits further research with more targeted or larger samples to explore these challenges further.

#### **5.2.2.h Relative Importance of the Competencies**

Overall, the findings of this study confirm the need for the five intercultural competencies identified in the pilot study (Gibson, 2011), including Adaptability, Cultural Self-Awareness, Cultural Sensory Perception, Global Perspective and Open-mindedness.

Adaptability is associated in the data with every business impact area, which would seem to indicate that it is the most important at a general level. The ability to adapt may be dependent on other factors, including psychological (Molinsky, 2007) and motivational (Earley & Peterson, 2004; Ang et al, 2011) or require the presence of other competencies.

Based on the frequency of occurrences in the data, Cultural Sensory Perception appears to be extremely important overall, and in some areas (Managing, Conflict/Negotiation, Decision-making) seems to be more important than other



competencies. This may be because it is a prerequisite to the others, as discussed in Section 5.2.2.3 above.

Global Perspective appears to be the least important of the five competencies identified, based on the relatively low number of occurrences in the data and few associations with the business impact areas. However, this too merits further research with a larger sample.

#### **5.2.2.i Competencies' Impact on Response-to-Failure Patterns**

The findings regarding the Response-to-Failure patterns provide further indications of the importance of intercultural competencies in achieving objectives. Given the complexity of working across multiple foreign markets and managing highly diverse top management teams, it is not possible for the CEO to acquire enough culture-specific knowledge to get things right every time. Encountering failures due to cultural differences is inevitable, and is evidenced throughout the study's data. Given that, the best possible response when an employed strategy fails would be to adapt the strategy as needed to achieve success, and in the process learn lessons that will also improve the success rate in other intercultural interactions. So the optimum RTF pattern is RTF-Adapt. The findings indicate that the RTF-Adapt pattern is most likely to occur when intercultural competencies are present. Cultural Sensory Perception seems particularly key; without awareness that the failure is due to cultural issues, adaptation is unlikely to occur. Lack of Cultural Sensory Perception appears to result in patterns of abandoning the failed strategy, either to try something new (which may or may not result in success but may not yield the knowledge needed) or walk away completely. The RTF-Abandon/Avoid pattern is the worst pattern from a business point of view, often resulting in substantial lost investment, wasted time and lost opportunities. In the data, the RTF-Abandon/Avoid pattern is associated with a lack of Adaptability, Cultural

Sensory Perception and Open-mindedness. The RTF-Continue pattern, while not optimum, may allow for gradual learning and eventual adaptation.

Identifying these patterns based on the individual's and company's experiences may provide the key to answering Research Question 2 on an individual basis. By gathering enough critical incidents from a particular subject, it may be possible to analyse them to see not only which pattern they tend to use most, but also which competencies are the most critical. Examining the incidents in this light might also serve as the "ah-hah moment" to aid in the development of intercultural competencies. The Response-to-Failure framework, therefore, may be useful as a diagnostic tool and as the basis for coaching.

### **5.2.3 Assessment Tools**

#### **RQ3: How can CEO intercultural competencies be assessed? Are existing measurement tools relevant?**

One key limitation of most of the assessment instruments is that they are based on self-reporting and are therefore vulnerable to bias based on social desirability (Berardo, 2005). Although many of them are used for the intended purpose of predicting success in a particular intercultural environment (i.e. students studying abroad, expatriate managers working in a foreign country), they may not measure the competencies needed by a different audience working in a different intercultural environment. Even assessments which may have validity with mid-level business people cannot be assumed to be applicable to the specific needs of global CEOs.

Some of the assessment instruments, especially those used primarily for predictive purposes, appear to measure innate traits rather than skills, or to mix the two. The findings of this study demonstrate that competencies are developed over time. This

implies the need for further research and testing of instruments, especially when expanding the use of context-specific instruments.

Although at a conceptual level, it would seem that at least some of the scales of the various instruments could be mapped directly to the competencies identified in this study -- at least based on the stated definitions of the scales -- closer examination of the questions used in the instruments (where available, many of the instruments are proprietary) reveals the need for significant modification to make them relevant to global CEOs and other very senior executives. One example of such adaptation is proposed below, with regard to the Cultural Intelligence Scale (CQS). Further research would be required to develop and test such modifications.

#### **5.2.3.a Example of Assessment Adaptation – A proposed “Executive CQS”**

Unlike many of the measurement instruments, the 20-item CQS self-assessment questionnaire (Cultural Intelligence Center, 2005) is available for use by researchers, making it possible to analyse the instrument with regard to the intercultural competencies identified in this study. Overall, it appears that: statements under Motivational CQ map most closely to Adaptability; statements under Metacognitive CQ would relate to Cultural Sensory Perception; and the statements under Behavioural CQ use a combination of Cultural Sensory Perception and Adaptability. The six statements under Cognitive CQ all deal with culture-specific knowledge, and although worded as "I know the \_\_\_\_\_ (i.e. arts and crafts) of other cultures," would logically only be applicable to one or a small number of other cultures for most respondents. For a CEO or other senior global business executive, in-depth culture-specific knowledge (of the type represented in these statements) for every culture encountered is not realistic or necessary.

Adapting these questions to map more directly to this study's identified Business Impact areas could make it more useful in assessing the CQ of global CEOs. The statements under Behavioural CQ all deal exclusively with communication behaviours and do not address areas of behaviour adaptability needed in the identified business impact areas -- which may be far more difficult than simply adapting speaking style. Open-mindedness (as defined in this study) does not appear to be measured at all by the CQS, nor does Global Perspective, although both would fit well in Metacognitive and Motivational. Cultural Self-Awareness (which would map to Cognitive CQ and be utilized in Metacognitive CQ) is not directly measured either. Again, adaptations to the tool that included these competencies could make it more relevant to global CEOs and other top management team members. Some possible additions/adaptations to create an executive version of the CQS, based on the competencies needed and business impact areas identified in this study, are proposed in Figure 5-a for consideration and possible further research.

Likewise, the findings of this study could provide a basis for possible adaptation of other conceptual frameworks and assessment tools. Although a full review is beyond the scope of this study, Figure 5-b shows a sampling of assessment instruments and how they appear to map to the competencies identified in this study.

Figure 5-a

<b>Proposed adaptation of Cultural Intelligence Scale for use with CEOs</b> <i>(Adapted from The Cultural Intelligence Scale (CQS), ©Cultural Intelligence Center 2005)</i>	
<b>Motivational CQ:</b>	<ul style="list-style-type: none"> <li>• I enjoy working with a team that is culturally diverse.</li> <li>• I am confident of my ability to manage people who are from cultures that are unfamiliar to me.</li> <li>• I am willing to adapt or completely change business strategies and tactics that have proven successful for me elsewhere when working in other cultures.</li> <li>• I am willing to adapt my leadership and management style when working cross-culturally to meet the different expectations of other cultures.</li> </ul>
<b>Cognitive CQ:</b>	<ul style="list-style-type: none"> <li>• I know the cultural values that influence management and motivation of my direct-reports.</li> <li>• I know the conflict and negotiating styles of other cultures.</li> <li>• I am aware of my own cultural values and biases, and how they influence my decision-making, communication style and behaviour.</li> <li>• I am aware of how my culture may be viewed by people from other cultures.</li> </ul>
<b>Metacognitive CQ:</b>	<ul style="list-style-type: none"> <li>• I pay close attention to both verbal non-verbal signals, which may vary by culture, for indications of whether or not my communication or behaviour is having the intended effect.</li> <li>• When I encounter business practises in another culture that differ from what I view as best practise, I withhold judgement and try to keep an open mind.</li> </ul>
<b>Behavioural CQ:</b>	<ul style="list-style-type: none"> <li>• When managing direct-reports or partners of a different culture to my own, I adjust my management style to one more suited to their needs.</li> <li>• I take culture into account in making strategic decisions.</li> <li>• When hiring cross-culturally, I adapt my normal criteria to take culture into account.</li> </ul>

The value of assessment tools, especially at the CEO level, may be less as a predictive measure and more as a development tool in conjunction with coaching or mentoring. This is supported by the author's own experience in working with CEOs and other senior executives, which found that utilizing self-assessment at the beginning of a coaching programme was useful in gaining commitment to a development plan and also for benchmarking progress over time.

Figure 5-b

Sampling of IC assessment instruments reviewed for relevance to identified competencies needed by CEOs						
Legend: ● Competency appears to be assessed; ○ Concepts map, adaptation of questions may be needed; ○ Competency (as defined here) does not appear to be assessed						
Name/description/reference	CEO Intercultural Competencies					Comments
	Adaptability	Cultural Self-Awareness	Cultural Sensory Perception	Open-mindedness	Global Perspective	
<b>Cultural Intelligence Scale (CQS)</b> 20-question self-test measuring four broken down into four categories: Motivational CQ (CQ Drive), Cognitive CQ (CQ Knowledge), Metacognitive CQ (CQ Strategy) and Behavioural CQ (CQ Action).	○	○	○	○	○	Although some of the CEO competencies do not appear to be currently measured by the CQS, all five fit well within the CQS framework, and the tool could be easily adapted to make it relevant to this group. The length and format make it appropriate for this group, and it would work well as a development tool.
<b>Intercultural Readiness Check (IRC)</b> Has scales for intercultural sensitivity, intercultural communication, intercultural relationship building, conflict management, leadership and tolerance of ambiguity. Van der Zee and Brinkman (2004)	○	○	○	○	○	Although the categories are not easily mappable, the questions in the IRC do seem relevant to most of the CEO competencies. It appears it could be adapted.
<b>Multicultural Personality Questionnaire (MPQ)</b> Designed to measure potential for success of international students and expatriate employees. Measures five dimensions: cultural empathy, open-mindedness, emotional stability, social initiative, flexibility Van Oudenhoven & Vander Zee (2002)	●	○	○	●	○	Two of the dimensions measured appear to be fully comparable to the CEO competencies. However, others (which were developed based on students) may not be relevant to CEOs.
<b>Intercultural Development Inventory (IDI)</b> Based on Bennett's DMIS stages, 50 items, purports to measure intercultural competence Hammer, Bennett, Wiseman (2003)	○	○	○	○	○	The structure of the IDI (which is based on the DMIS stages rather than specific competencies) makes it difficult to map directly to the identified CEO competencies. Although the IDI undoubtedly measures overall competency, its format may not be as well suited for the uses outlined here.
<b>Cross-Cultural Adaptability Inventory (CCAI)</b> Used primarily for measuring effectiveness of cross-cultural training (pre- and post-testing) for business professionals. Measures four dimensions: flexibility/openness, emotional resilience, perceptual acuity and personal autonomy. Kelley & Meyers (1995, cited in Bird, 2008)	●	○	●	○	○	Two of the dimensions measured seem to be comparable to the CEO competencies. Instrument not available for review of questions.

#### 5.2.4 Development Methods

**RQ4: Where intercultural competencies are lacking, can they be developed through experience, training, coaching or other means?**

Whilst undoubtedly some people naturally possess personality traits and skills that make them more adept at interpersonal communication of all kinds and make them more predisposed to developing intercultural competencies, the study's findings suggest that even those who would seem to be "naturals" require development and that development takes place over a considerable length of time.

The findings indicate two primary means by which the CEOs developed competencies: living abroad and mentoring/coaching.

The subjects in the study overwhelmingly believe that experience living and working abroad is essential for a CEO of a global company. However, they noted that experience does not always result in the development of intercultural competencies, with several of the subjects identifying one of the possible reasons: expatriate managers of large multinational firms often spend their time abroad living within an "expat bubble", spending most of their time not with locals but with other expatriates. In so doing, they miss many of the opportunities for development. They limit the number of intercultural interaction failures they experience and therefore miss out on the chance to develop their ability to adapt. By not fostering relationships with locals, they miss out on informal mentoring moments that may be the key to developing Cultural Self-Awareness. By limiting their interpersonal communication outside the workplace to primarily those of their own culture, they miss opportunities to become more skilled at reading the verbal and non-verbal signals of their host culture, both essential to Cultural Sensory Perception.

This has implications for companies and the international relocation companies they work with. There may be natural tension between the short-term objective of making the foreign assignment comfortable and the long-term objective of developing intercultural competencies of potential future CEOs.

Ambitious young managers who wish to prepare themselves for a global leadership role should ensure they gain experience living abroad. The findings also suggest that the earlier that experience is gained, the better.

For those charged with recruiting and hiring for a global CEO role, the findings suggest a need to look beyond just years of experience alone.

Along with experience living/working abroad, mentoring and coaching were the most frequently cited sources of development.

Few of the CEOs in the study had ever received any intercultural training, and none had sought training in their current roles. This finding has particularly important implications to the intercultural training field. It suggests that the kind of development most prevalent across the field is of little interest at the CEO level – even if they perceive their need to develop. The findings also suggest that even at earlier career stages, intercultural coaching and mentoring programmes could be more valuable to companies than training, supporting the views of Mendenhall (2006) and Hardingham (1998). So providing an expatriate manager with a local coach to work with them throughout their assignment could be far more effective, both in the short-term and for longer-term leader development, than the kind of one-off training currently provided by many companies.

Personal relationships with people of different cultures were found to play a key role in development of intercultural competencies. These include everything from casual



acquaintances (playing on a sports team) to marriages. Non-work-related relationships may provide more opportunity for learning, possibly because without the power differential that is more likely in the workplace others may be more willing to give feedback. Further, by providing more opportunities for failures to occur in a lower-risk environment, they help to build experience in adapting strategies. This has implications for HR and training professionals, who may want to consider creating more opportunities for fostering intercultural relationships for executives being groomed for global leadership. It also means that budget cuts that limit the opportunities for international travel may work in opposition to the company's desire to develop the intercultural competencies of future leaders. Although virtual teams may seem to be more time-efficient and cost-effective, they may not provide the same opportunities for developing relationships that help build intercultural competencies.

For coaches working with CEOs, it may be useful to encourage the development of more intercultural relationships outside the workplace or to facilitate opportunities for those relationships to develop (i.e. multicultural executive retreats).

Working in culturally diverse teams was also frequently cited as a development source.

So aside from other reasons companies may choose to form multicultural teams, they may wish to consider doing so specifically for the purpose of developing intercultural competencies. It may also be useful to combine this with a mentoring/coaching programme for individual team members.

### **5.3 Discussion of Overall Findings in Relation to the Literature**

Examining the findings from the perspective of Hammer, Bennett and Wiseman's (2003) definition of intercultural sensitivity as the ability to discriminate and experience relevant cultural differences, Cultural Self Awareness and Cultural Sensory Perception would be elements of intercultural sensitivity. Adaptability, Open-mindedness and Global Perspective would be elements of intercultural competence, which they define

as the ability to think and act in interculturally appropriate ways. The associations in the data between the competencies and the links between competencies and RTF patterns support their view that “greater intercultural sensitivity is associated with greater potential for exercising intercultural competence.” The key word here may be “potential”, in that the findings of this study indicate that the presence of intercultural competencies do not ensure success in every interaction, but rather provide the ability to respond to failure more effectively, and to incorporate the learnings from the failure to be applied to future interactions.

The rapport management competencies proposed by Spencer-Oatey and Franklin (2009) appear to be most associated with the competencies identified in this study as Cultural Self-Awareness and Cultural Sensory Perception, and to some degree with Adaptability. That would indicate that a development approach that incorporated a focus on intercultural rapport management competencies could be effective in increasing these competencies.

Likewise, the development of Adaptability may be aided by diagnostic and development approaches that consider psychological barriers such as those identified by Molinsky (2007, 2012, 2013).

Overall, the study’s findings suggest that attempts to unify the various conceptualizations of intercultural competence and gain consensus around a single framework may be misguided, and that in fact, more attention needs to be given to context in determining competencies needed, and in the application of assessment instruments. Role-specific approaches such as Adler and Bartholomew’s (1992), task-centred approaches such as Caligiuri’s (2004, cited in Caligiuri, 2006), and the business impact area approach taken in this study may be useful in the clarification of context.

#### **5.4 Contributions to the Field**

As exploratory research, this study's contributions are primarily centred on providing the basis for building or adapting theories and recommending areas for further research. This study identified an important group that has been under-researched in relation to intercultural competence. By identifying areas of business where CEOs perceive that culture impacts their work and by identifying specific competencies needed at the CEO level, this study has pointed to a need to expand existing knowledge to meet the changing needs of global businesses. Findings with regard to how competencies may be best developed could provide the basis for further research and development of intercultural training and coaching methods. The study provides a basis upon which established assessment instruments could be adapted to the needs of CEOs and other top management team members.

#### **5.5 Implications for Business**

The findings of this study have a number of implications for businesses. The study has confirmed and expanded upon the pilot study's findings (Gibson, 2011), providing a clear indication that CEOs working in a global business environment do perceive that cultural challenges impact their success in a number of strategic areas and that specific intercultural competencies are needed. This has implications not only for current CEOs, but also for boards of directors and others involved in CEO selection and succession planning and for HR and communication professionals responsible for executive development. There are implications for the field of intercultural training and development, pointing to a need for different kinds of programmes tailored to CEOs, which may be more coaching-based.

#### **5.6 Limitations of the Research**

As with any qualitative research with a small and unrepresentative sample, there may be limitations to the generalizability of findings from this study. A larger-scale study conducted by or in collaboration with an organization with existing access to a large

number of CEOs worldwide could overcome this limitation by combining both qualitative and quantitative methods.

Although the participants in this study came from a variety of countries, the sample is largely sourced from North America and Europe and may not take into account cultural differences in the role of CEOs and their impact within their organizations (Crossland & Hambrick, 2007, cited in Hutzschenreuter & Horstkotte, 2012). Likewise, the study did not include very large traditional multinational companies, where the CEO may be much farther removed from many of the day-to-day tasks described by the study's participants, so the findings may not be applicable to that group.

Another limitation of the sample, which may impact the generalizability of the findings, is participant bias, in that those CEOs who agreed to be interviewed (self-selection) may not share characteristics or attitudes of the wider population. Additionally, the sample is limited to English-speaking participants, so the views of non-English-speaking CEOs may not be represented, and it is possible that the same interview conducted in a participant's native language would yield different results.

The research method used, in-depth interviews, also has inherent limitations, including the possibility of participant bias and interviewer bias. Future research could utilize additional methods to triangulate findings for greater reliability.

Limitations with regard to data quality include the possibility of interviewer bias, in that the interviewer's verbal and non-verbal behaviour may influence the interview, and ability to establish credibility and trust may impact the openness of the interviewees. Likewise, there may be participant bias due to interviewees attempting to cast themselves and their companies in a positive light (social desirability).

Finally, the constructivist grounded theory approach to data analysis means that the findings of the study are the interpretations of both the researcher and the participants, and are therefore necessarily biased by both's perceptions, knowledge, past experiences, interactions and more (Charmaz, 2007).

## **5.7 Chapter Summary**

This chapter has summarized the key research findings and discussed them with reference to the research questions and in relation to relevant previous studies. It has discussed implications of the findings and limitations of the research.

## **CHAPTER 6 Conclusion**

### **6.1 Introduction**

This chapter presents a summary of the report. It reiterates the aims and methodology of the research and summarizes the key findings, followed by consideration of the implications and practical applications. Finally, recommendations for further research are discussed.

### **6.2 Aims & Methodology**

This study's aim was to gain insights into the strategic-level intercultural challenges faced by companies doing business internationally, identify the competencies needed by Chief Executive Officers, and determine how to develop those competencies to allow companies to overcome cultural barriers to achieve their strategic objectives. To achieve this, the study set out to answer the following questions:

- Do CEOs of global companies perceive that culture has an impact on their success in achieving business objectives?
- Which intercultural competencies are most important for CEOs of global companies? Which are most likely to contribute to success or failure? Are the competencies required different for "Born Globals" than for 20<sup>th</sup> Century multinationals?
- How can CEO intercultural competencies be assessed? Are existing measurement tools relevant?
- Where intercultural competencies are lacking, can they be developed through experience, training, coaching or other means?

Utilizing an emergent, qualitative, inductive approach, the study included in-depth interviews with a heterogeneous sample of 28 CEOs. Data analysis methodology combined a constructivist grounded theory approach (Charmaz, 2006) with computer-

aided qualitative data analysis software (CAQDAS) utilizing Atlas.ti, and followed a model proposed by Friese (2012), called “computer-assisted NCT analysis”, based on the NCT model proposed by Seidel (1998).

### **6.3 Summary of Key Findings**

#### **6.3.1 Business Impact Areas**

With regard to the first research question, the findings clearly indicate that cultural challenges impact the CEOs in the study and that the CEOs’ intercultural competencies do have an impact on their ability to achieve their objectives in a number of areas, including: Managing, Conflict/Negotiating, Decision-making, Hiring, Ethical Issues, Internal Challenges, Government/Regulatory/Legal Issues, Change, Mergers and Acquisitions, New Markets, and Partners/Vendors.

#### **6.3.2 Intercultural Competencies Needed by CEOs**

The findings confirmed the findings of the pilot study (Gibson, 2011), which identified five intercultural competencies consistently needed by the CEOs in the study, including: Adaptability, Cultural Self-Awareness, Cultural Sensory Perception, Global Perspective and Open-mindedness. The findings also found associations between specific competencies and the identified areas of business impact, providing insights into which competencies may be most critical, depending on the current strategies, challenges and stage of business of the company.

#### **6.3.3 Response-to-Failure Patterns**

The findings provided confirmation of the Response-to-Failure conceptual framework that emerged in the pilot study (Gibson, 2011), yielding evidence of four distinct patterns (RTF-Adapt, RTF-Continue, RTF-Abandon/Try New, and RTF-Abandon/Avoid). Further analysis provided insights into which competencies (or the lack thereof) are associated with each pattern, which may provide a key to providing

individualized assessment and development tailored to the specific needs of the company and the CEO.

#### **6.3.4 A New Category of “Millennial Globals”**

In examining the needs of “Born Global” firms (those that began operating globally within three years of start-up) versus those firms which followed the more traditional internationalization model, the findings indicated another, perhaps more useful, categorization of Millennial Globals (those firms, large or small, young or old, who began going global at or after the beginning of the 21<sup>st</sup> Century).

The findings suggest that Millennial Globals may experience more cultural challenges related to ethical issues, internal issues, entering new markets and working with partners and vendors. Although no significant differences between the two groups were found in the data with regard to intercultural competencies needed, the findings do indicate differences in preferred methods of development, in that Millennial Globals appear less likely than Traditional Globals to favour training or reading and that relationships may play a more important role for them.

#### **6.3.5 Assessing CEO Intercultural Competencies**

A review of a selection of the existing measurement tools did not find any that, in their current form, seem to be fully applicable to assessing the intercultural competencies identified in this study as needed by global CEOs, although several appear to measure at least some of the identified competencies. In-depth examination of each instrument was beyond the scope of this study, but a cursory review suggests that with some adaptation a number of existing instruments may be made more relevant for this audience. The value of assessment tools, especially at the CEO level, may be less as a predictive measure (as most of the instruments are currently used) and more as a



development tool, serving as a basis for individualized content development and benchmarking.

### **6.3.6 Development of Intercultural Competencies**

The findings indicated two primary means by which the CEOs in the study developed competencies: living/working abroad and through mentoring/coaching. Personal relationships with people of different cultures, international travel, and working in diverse teams were also found to be significant sources of development.

Few of the CEOs in the study had ever received any intercultural training and none had sought training in their current roles. This finding has particularly important implications to the intercultural training field. It suggests that the kind of development most prevalent across the field is of little interest at the CEO level. The findings also suggest that even at earlier career stages, intercultural coaching and mentoring programmes could be more valuable to companies than training for the development of future global executives.

## **6.4 Significance of Findings and Practical Applications**

In beginning to explore an area not previously researched within the field of intercultural competency, this study's contributions are primarily centred on providing the basis for expanding or adapting existing theories to the specific needs of CEOs. By identifying areas of business where CEOs perceive that culture impacts their work, and by identifying specific competencies needed at the CEO level, this study has pointed to a need to expand existing knowledge to meet the changing needs of global businesses. Findings with regard to how competencies may be best developed could provide the basis for further research and development of intercultural training and coaching methods. The study provides a basis upon which established assessment instruments could be adapted to the needs of CEOs and other top management team members.

The findings of this study have a number of implications for businesses. The study's findings show that CEOs working in a global business environment do perceive that cultural challenges impact their success in a number of strategic areas and that specific intercultural competencies are needed. This has implications for boards of directors and others involved in CEO selection and succession planning and for HR professionals responsible for executive development. There are implications for the field of intercultural training and development, pointing to a need for different kinds of programmes tailored to CEOs, which may be more coaching-based. The Response-to-Failure framework points to a need for greater understanding of how competencies interact, with implications for further research. The RTF framework may have practical applications as a diagnostic and development tool.

The study has also contributed to knowledge in the field with regard to methodology, through its utilization of an emergent approach to the research design, which allowed for the development of more effective ways of overcoming challenges of researching CEOs and other elite subjects. It has also contributed to knowledge with regard to how to gather rich data utilizing semi-structured interviews, as well as to the use of computer-aided qualitative data analysis software (CAQDAS) to provide rigour to the research process.

Finally, by utilizing an analytic approach based on grounded theory, and including extensive interview excerpts in the report, this study has provided an opportunity for CEOs' voices to be heard.

## **6.5 Recommendations for Further Research**

Further research is needed to validate, test and expand upon the findings of this study. A larger-scale study conducted by or in collaboration with an organization with existing access to a large number of CEOs worldwide could overcome many of the limitations

of this exploratory study by increasing the sample size and combining both qualitative and quantitative methods.

Specifically, further research with a statistically representative sample is needed to determine if there are additional areas of business impact and which areas are most critical to both the CEO's and the company's success in global markets. Research that focused on producing more critical incidents could provide more insight into the patterns identified in the Response-to-Failure framework, particularly with regard to the learning processes that lead to adaptability.

Case study research to delve deeper into one or more of the organizations in this study could also provide more insight into the actual impact of the CEO intercultural competencies within the organization (as opposed to the CEO's perceptions of them). Particularly useful would be research that explores the effect of CEO and top management team intercultural competencies (or lack thereof) on corporate culture, and whether institutional ethnocentricity is a product of executive ethnocentricity.

Either working with existing assessment instruments or developing a new one, research to adapt, develop and test an assessment tool specifically tailored to CEO intercultural competencies is needed.

In the field of international business, further study may be needed to explore and refine the concept of Millennial Globals and to explore whether the practises (and therefore the intercultural competency needs) of Traditional Globals are also shifting in response to the changes in the global marketplace.

## **6.6 Chapter Summary**

This final chapter has reiterated the aims and methodology of the research and summarised the study's key findings. It has discussed the contributions made by the

study and the implications and practical applications, as well as made recommendations for further research.

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# APPENDICES

## Appendix A - Example of Field Note

## Field Note 1.01

Interviewer:	
Date of interview:	17 Feb 2011
Time of interview start:	11:30 am
Interviewee's name/title/company:	
Location of interview:	Washington Mayfair Hotel, London (hotel bar/coffee shop)
Consent form signed:	Y
Permission to audio-record:	Y
Discussed options for anonymity:	Y or N <input type="checkbox"/> Option 1: Complete anonymity <input checked="" type="checkbox"/> Option 2: Identity included, direct attribution w/ review & permission
<p><b>Themes that emerged, memorable quotes, anything that stood out:</b></p> <p>Although he said he's never had any intercultural training or had any preparation for any of his overseas assignments, he displays a very high level of insight and self-awareness. He seems to be a "natural" intercultural communicator. Is that because of innate personality traits or is it due to his having lived and worked in many countries?</p> <p>Used words like "humility," "empathy," "understanding," and "evolving" a great deal. His style, even with me, seemed to be one of reading people, and adjusting his own style to what he believes will work best. As he spoke, I found myself characterizing him as a "cultural chameleon" and he later used the word chameleon, so he may have an awareness of his own adaptation strategies. Are these natural traits to salesmen?</p>	
<p><b>What worked:</b></p> <ul style="list-style-type: none"> <li>• Overall, the mind-map worked, and interview lasted almost exactly the allotted 90 minutes.</li> <li>• Getting him talking about specific incidents and examples</li> <li>• Dealing with his personal experiences early (maybe consider starting there with all interviewees).</li> </ul>	
<p><b>What didn't work:</b></p> <ul style="list-style-type: none"> <li>• Didn't get a straight answer to success question, no matter how asked. Lots of hedging and circumlocution. Is it the question itself, or timing within the discussion? Will need to pay attention to this in future interviews.</li> <li>• My use of the word "barrier" – he took it to mean "insurmountable," and couldn't think of any instances where he wasn't able to deal with a problem. Consider using other words to draw out smaller issues/obstacles.</li> <li>• Location was a problem (it was selected by him, to fit between meetings while in Central London for the day). Way too much background noise (both people and loud coffee machine) for clear audio-recording – transcription may be a problem. Will insist on private locations for future interviews.</li> </ul>	
<p><b>Areas for possible follow-up or further exploration:</b></p> <p>Perhaps speak later with his country managers to see if their perception of him matches his self-perception.</p>	

**Appendix B - Research Participant Consent Form**

Title of Study: **Exploring the Intercultural Communication Competencies Needed by Global CEOs**

Name of researcher: **Barbara Gibson**

I have been informed about the nature of this study and willingly consent to take part in it.

I understand that the content of the interview will be kept confidential, and that neither I nor my company will be identified.

I understand that I may withdraw from the study at any time.

I am over 16 years of age.

Name

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Signed

---

Date

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Barbara Gibson  
PhD student, Birkbeck College, University of London  
Department of Applied Linguistics  
[bgibson@culturalresolution.com](mailto:bgibson@culturalresolution.com)

**Appendix C - CEO Background Questions**

1. Industry classification or type of business
2. Publicly or privately owned
3. Company age
4. Country HQ is located
5. Number of employees
6. Percentage of employees located outside HQ country
7. How long has company operated outside HQ country (or born global?)
8. Number of countries operating in
9. Does company have an official language, if so what
10. CEO age
11. CEO gender
12. Number of years in role
13. Country of birth
14. Nationality
15. Native language
16. Number of additional languages
17. Number of direct reports
18. Percentage of direct reports of different culture to CEO's
19. Has CEO lived outside country of birth

## Appendix D - Background Questionnaire Data

Industry	Owner-ship	Co age	HQ country	Number employees	Employees abroad	How long operating global	Born global	No countries operating in	CEO Age	Sex	Years in role	Country of birth	Nationality	Native language	Add'l lang	Direct reports	DR-diff culture	Lived outside country of origin?
Energy Marketing & Distr	Private	19	UK	10 - 99	5% - 25%	< 15 years	0	< 5	50 - 59	Female	2	England	UK	English	1	5	< 50%	1
Software	Private	3	USA	10 - 99	Less than 5%	< 15 years	1	5 - 10	40 - 49	Male	4	France	USA, France	French	4	8	> 50%	1
Relocation & Destination Svcs	Private	22	Germany	100 - 249	Less than 5%	15 - 30 years	1	30 - 99	60 - 70	Male	22	Germany	Germany	German	1	34	< 50%	0
Banking	Private	120	Netherlands	> 10,000	25% - 75%	15 - 30 years	0	30 - 99	50 - 59	Male	6	Netherlands	Netherlands	Dutch	3	10	1	1
Communication	Private	10	Scotland	< 10	Less than 5%	< 15 years	0	< 5	60 - 69	Male	10	Scotland	UK	English	0	1	0	0
Charity - Public Service	Non-profit	78	UK	1,000 - 10,000	25% - 75%	> 30 years	1	100+	50 - 59	Male	5	England	UK	English	4	9	< 50%	1
Medical Devices	Private	12	Sweden	10 - 99	25% - 75%	< 15 years	0	5 - 10	40 - 49	Male	1	USA	USA, France	English	4	7	> 50%	1
Communication	Public	29	UK	1,000 - 10,000	75% - 100%	15 - 30 years	0	11 - 29	50 - 59	Male	20	Tanzania	UK, USA	English	1	8	> 50%	1
Management Consulting	Private	11	USA	100 - 249	Less than 5%	< 15 years	1	11 - 29	40 - 49	Female	11	USA	USA	English	1	6	0	1
Consulting	Private	1	USA	< 10	Less than 5%	< 15 years	1	< 5	40 - 49	Male	1	Germany	Germany, USA	German	4	1	0	1
Financial	Private	9	Bermuda	250 - 999	75% - 100%	< 15 years	1	30 - 99	40 - 49	Male	9	Ireland	UK	English	1	22	> 50%	1
Media Intelligence & Research	Private	10	Denmark	100 - 249	Less than 5%	< 15 years	0	30 - 99	50 - 60	Male	2	Denmark	Denmark	Danish	5	6	0	0
Publishing	Private	140	Denmark	250 - 999	Less than 5%	< 15 years	0	< 5	40 - 49	Male	11	Norway	Norway	Norwegian	1	8	1	1
Charity - Public Service	Non-profit	13	USA	10 - 99	Less than 5%	< 15 years	1	5 - 10	50 - 59	Male	4	USA	USA	English	5	6	< 50%	1
Manufact. - Agricultural Equip	Public	110	Germany	> 10,000	25% - 75%	15 - 30 years	0	30 - 99	40 - 49	Male	1	Denmark	Denmark	Danish	3	5	0	1
Business Incubator	Private	4	Spain	250 - 999	25% - 75%	< 15 years	1	< 5	30 - 39	Male	4	Spain	Spain	Catalan	2	12	1	1
Mining	Public (JV)	12	Australia	10 - 99	75% - 100%	< 15 years	1	< 5	40 - 49	Male	2	England	UK	English	2	4	> 50%	1
Business Information	Private	3	UK	10 - 99	25% - 75%	< 15 years	1	< 5	40 - 49	Male	3	Spain	Spain	Spanish	2	5	1	1
Communication	Private	15	USA	< 10	Less than 5%	< 15 years	0	< 5	40 - 49	Male	15	England	USA	English	1	2	0	0
IT & Business Services	Public	42	UK	> 10,000	75% - 100%	< 15 years	0	30 - 99	40 - 49	Female	3	USA	USA	English	0	12	1	1
Travel & Leisure	Private	18	Monaco	250 - 999	75% - 100%	< 15 years	0	30 - 99	50 - 60	Male	1	England	UK, Australia	English	0	9	1	1
Digital Content, Video Prod	Private	10	UK	10 - 99	Less than 5%	< 15 years	1	5 - 10	60 - 69	Male	10	England	UK	English	4	3	< 50%	1
Communication	Private	1	Denmark	< 10	Less than 5%	< 15 years	1	< 5	40 - 49	Female	1	Denmark	Denmark	Danish	3	5	0	1
Wine & Spirits	Private	14	Russia	> 10,000	25% - 75%	< 15 years	0	30 - 99	40 - 49	Male	2	Italy	UK	English	2	7	1	1
Steel Processing & Distr	Public	36	Luxembourg	250 - 999	75% - 100%	15 - 30 years	1	< 5	30 - 39	Male	1	Netherlands	Netherlands	Dutch	4	15	1	1
Prof Assn (Relocation)	Private	14	UK	< 10	Less than 5%	< 15 years	1	11 - 29	50 - 59	Male	14	England	UK, Swiss	English	1	4	0	1
Consulting	Private	16	Denmark	10 - 99	Less than 5%	< 15 years	1	30 - 99	50 - 59	Male	16	Denmark	Denmark	Danish	3	3	< 50%	1
Hotels	Private	105	USA	> 10,000	25% - 75%	< 15 years	0	30 - 99	50 - 59	Male	12	Germany	Germany, USA	German	2	6	1	1